RLI CORP Form 4 May 16, 2007

FORM 4

OMB APPROVAL

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

OMB 3235-0287 Number:

Check this box if no longer subject to Section 16.

January 31, Expires: 2005

Form 4 or Form 5 obligations STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

Estimated average burden hours per response...

may continue. See Instruction

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

0.5

1(b).

Common

Stock

(Print or Type Responses)

1. Name and Address of Reporting Person * MICHAEL JONATHAN E			ssuer Name and Ticker or Trading bol CORP [RLI]	5. Relationship of Reporting Person(s) to Issuer			
(Last) 9025 N. L	(First)	(Middle) 3. Da	ate of Earliest Transaction nth/Day/Year) 15/2007	(Check all applicable) X Director 10% OwnerX Officer (give title Other (specify below) President			
(Street) PEORIA, IL 61615			Amendment, Date Original (Month/Day/Year)	6. Individual or Joint/Group Filing(Check Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting Person			
(City)	(State)	uired, Disposed of, or Beneficially Owned					
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, i any (Month/Day/Year	Code (Instr. 3, 4 and 5) r) (Instr. 8) (A) or Code V Amount (D) Price	Securities Ownership Indirect Beneficially Form: Beneficial Owned Direct (D) Ownership Following or Indirect (Instr. 4) Reported (I) Transaction(s) (Instr. 4) (Instr. 3 and 4)			
Common Stock	05/15/2007		J(1) 104.712 A \$ 57.29	142,976.4001 09 (2)			
Common Stock				61,835.2987 I By Empl. Stock Ownership			

Plan

34,720.8576

(4)

I

Ι

By Key

Benefit Plan

By Trust

Employee

Common 14,010.6292 Stock (5)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474

(9-02)

8. Pri Deriv Secur (Instr

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Mumber of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	Expiration Dat (Month/Day/Y	Date Exercisable and xpiration Date Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Option	\$ 15.9063					05/06/2000	05/06/2009	Common Stock	6,290	
Stock Option	\$ 15.7813					05/04/2001	05/04/2010	Common Stock	6,336	
Stock Option	\$ 20.05					05/03/2002	05/03/2011	Common Stock	60,000	
Stock Option	\$ 29.335					05/02/2003	05/02/2012	Common Stock	60,000	
Stock Option	\$ 29.55					05/01/2004	05/01/2013	Common Stock	60,000	
Stock Option	\$ 35.08					05/06/2005	05/06/2014	Common Stock	60,000	
Stock Option	\$ 44.54					05/05/2006	05/05/2015	Common Stock	45,000	
Stock Option	\$ 47.44					08/04/2007	08/04/2016	Common Stock	10,500	
Stock Option	\$ 50.15					05/04/2007	05/04/2016	Common Stock	10,500	
Stock Option	\$ 54.04					11/03/2007	11/03/2016	Common Stock	10,500	

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Stock Option	\$ 56.09	05/03/2008	05/03/2017	Common Stock	10,500
Stock Option	\$ 56.21	02/02/2008	02/02/2017	Common Stock	10,500

Reporting Owners

Relationships					
Director	10% Owner	Officer	Other		
X		President			
		Director 10% Owner	Director 10% Owner Officer		

Signatures

Jonathan E
Michael

**Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (2) Ownership reflects dividend reinvestment.
- (3) Ownership reflects shares allocated to ESOP participant's account and dividend reinvestment.
- (1) Shares purchased through payroll deduction feature of the RLI Dividend Reinvestment Plan.
- (5) Ownership reflects dividend reinvestment.
- (6) Pursuant to option schedule wherein 20% of the aggregate number of shares granted may be exercised commencing one year from grant date and each year thereafter in 20% increments.
- (4) Ownership reflects dividend reinvestment.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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