RLI CORP
Form 4
July 07, 2011

FORM 4

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

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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

(Print or Type Responses)

1. Name and Address of Reporting Person *
STONE MICHAEL J

(Last) (First) (Middle)

9025 N. LINDBERGH DRIVE

(Street)

PEORIA, IL 61615

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
RLI CORP [RLI]

3. Date of Earliest Transaction (Month/Day/Year)
07/06/2011

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
_____ Officer (give title below) __X__ Other (specify below)
President RLI Insurance Compan

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	07/06/2011		G	V	1,000	D	$ 63.43	102,225.0464	D (1)	
Common Stock								18,093.2021	I	By Empl. Stock Ownership Plan (2)
Common Stock								21,114.937	I	By Trust (1)
Common Stock								2,349.5633	I	M. J. Stone Grantor Retained

				Annuity Trust (M1)
Common Stock		11,480.6059	I	M.J. Stone Grantor Retained Annuity Trust (M3)
Common Stock		4,435.16	I	M.J. Stone Grantor Retained AnnuityTrust (M2)

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)

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. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. De Se (In
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Stock Option	$ 37.54 (4)							05/05/2006 (3)	05/05/2015	Common Stock	30,000	
Stock Option	$ 43.15 (4)							05/04/2007 (3)	05/04/2016	Common Stock	27,500	
Stock Option	$ 49.09 (4)							05/03/2008 (3)	05/03/2017	Common Stock	31,500	
Stock Option	$ 43 (4)							05/01/2009 (3)	05/01/2018	Common Stock	34,000	
Stock Option	$ 39.9 (4)							05/07/2010 (3)	05/07/2017	Common Stock	32,000	
								05/06/2011 (3)	05/06/2018		6,000	

Stock Option	$ 49.34 (4)			Common Stock	
Stock Option	$ 49.2 (4)	08/02/2011 (3)	08/02/2018	Common Stock	6,000
Stock Option	$ 50.26 (4)	11/01/2011 (3)	11/01/2018	Common Stock	6,000
Stock Option	$ 55.28	02/01/2012 (3)	02/01/2019	Common Stock	6,000
Stock Option	$ 58.73	05/05/2012 (3)	05/05/2019	Common Stock	8,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
STONE MICHAEL J 9025 N. LINDBERGH DRIVE PEORIA, IL 61615			President RLI Insurance Compan	

Signatures

/s/ Michael J. Stone	07/07/2011
**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).

(1) Ownership reflects dividend reinvestment.

(2) Ownership reflects shares allocated to ESOP participant's account and dividend reinvestment.

(3) 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) Stock Option grant price adjusted to reflect $7 RLI extraordinary dividend paid 12/29/10.

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.