

RLI CORP

Form 4

August 15, 2011

**FORM 4**
**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

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

## OMB APPROVAL

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(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**DONDANVILLE JOSEPH E**

(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)  
**08/12/2011**

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

5. Relationship of Reporting Person(s) to  
Issuer

(Check all applicable)

\_\_\_\_ Director \_\_\_\_ 10% Owner  
\_\_\_\_X\_\_\_\_ Officer (give title below) \_\_\_\_ Other (specify below)

Senior Vice President/CFO

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                    | 08/12/2011                           |                                                    | S <sup>(1)</sup>               |                                                                   | 900    | D          | \$ 61.8                                                                                       | 84,506.015                                               | D                                                     |
| Common Stock                    | 08/12/2011                           |                                                    | S <sup>(1)</sup>               |                                                                   | 500    | D          | \$ 61.82                                                                                      | 84,006.015                                               | D                                                     |
| Common Stock                    | 08/12/2011                           |                                                    | S <sup>(1)</sup>               |                                                                   | 300    | D          | \$ 61.693                                                                                     | 83,706.015                                               | D                                                     |
| Common Stock                    | 08/12/2011                           |                                                    | S <sup>(1)</sup>               |                                                                   | 200    | D          | \$ 61.5                                                                                       | 83,506.015                                               | D                                                     |
| Common Stock                    | 08/12/2011                           |                                                    | S <sup>(1)</sup>               |                                                                   | 300    | D          | \$ 61.55                                                                                      | 83,206.015                                               | D                                                     |

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|              |            |                  |       |   |          |            |   |
|--------------|------------|------------------|-------|---|----------|------------|---|
| Common Stock | 08/12/2011 | S <sup>(1)</sup> | 300   | D | \$ 61.52 | 82,906.015 | D |
| Common Stock | 08/12/2011 | S <sup>(1)</sup> | 1,200 | D | \$ 61.3  | 81,706.015 | D |
| Common Stock | 08/12/2011 | S <sup>(1)</sup> | 300   | D | \$ 61.39 | 81,406.015 | D |
| Common Stock | 08/12/2011 | S <sup>(1)</sup> | 300   | D | \$ 61.35 | 81,106.015 | D |

|              |  |  |  |  |  |             |   |                               |
|--------------|--|--|--|--|--|-------------|---|-------------------------------|
| Common Stock |  |  |  |  |  | 27,489.6065 | I | By Empl. Stock Ownership Plan |
| Common Stock |  |  |  |  |  | 10,388.3651 | I | By Trust <sup>(2)</sup>       |
| Common Stock |  |  |  |  |  | 12,276      | I | By Wife in Trust              |

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

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(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 |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------|-------|
| Stock Option                               | \$ 37.54<br><u>(3)</u>                                 |                                      |                                                    |                                |                                                                                         | 05/05/2006 05/05/2015                                    | Common Stock 10,000                                           |       |
| Stock Option                               | \$ 43.15<br><u>(3)</u>                                 |                                      |                                                    |                                |                                                                                         | 05/04/2007 <sup>(4)</sup> 05/04/2016                     | Common Stock 17,500                                           |       |
| Stock Option                               | \$ 49.09<br><u>(3)</u>                                 |                                      |                                                    |                                |                                                                                         | 05/03/2008 <sup>(4)</sup> 05/03/2017                     | Common Stock 18,000                                           |       |

|              |                                        |                           |            |              |       |
|--------------|----------------------------------------|---------------------------|------------|--------------|-------|
| Stock Option | \$ 43 <sup>(3)</sup>                   | 05/01/2009 <sup>(4)</sup> | 05/01/2018 | Common Stock | 5,000 |
| Stock Option | \$ 47.36 <sup>(3)</sup>                | 08/01/2009 <sup>(4)</sup> | 08/01/2018 | Common Stock | 5,000 |
| Stock Option | \$ 49.73 <sup>(3)</sup>                | 11/03/2009 <sup>(4)</sup> | 11/03/2018 | Common Stock | 5,000 |
| Stock Option | \$ 49.89 <sup>(3)</sup>                | 02/02/2010 <sup>(4)</sup> | 02/02/2019 | Common Stock | 5,000 |
| Stock Option | \$ 39.9 <sup>(3)</sup>                 | 05/07/2010 <sup>(4)</sup> | 05/07/2017 | Common Stock | 4,700 |
| Stock Option | \$ 43.49 <sup>(3)</sup>                | 08/03/2010 <sup>(4)</sup> | 08/03/2017 | Common Stock | 4,700 |
| Stock Option | \$ 42.9 <sup>(3)</sup>                 | 11/02/2010 <sup>(4)</sup> | 11/02/2017 | Common Stock | 4,700 |
| Stock Option | \$ 44.62 <sup>(3)</sup>                | 02/01/2011 <sup>(4)</sup> | 02/01/2018 | Common Stock | 4,700 |
| Stock Option | \$ 49.34 <sup>(3)</sup>                | 05/06/2011 <sup>(4)</sup> | 05/06/2018 | Common Stock | 4,000 |
| Stock Option | \$ 49.2 <sup>(3)</sup>                 | 08/02/2011 <sup>(4)</sup> | 08/02/2018 | Common Stock | 4,000 |
| Stock Option | \$ 50.26 <sup>(3)</sup> <sup>(4)</sup> | 11/01/2011                | 11/01/2018 | Common Stock | 4,000 |
| Stock Option | \$ 55.28                               | 02/01/2012 <sup>(4)</sup> | 02/01/2019 | Common Stock | 4,000 |
| Stock Option | \$ 58.73                               | 05/05/2012 <sup>(4)</sup> | 05/05/2019 | Common Stock | 4,000 |
| Stock Option | \$ 62.62                               | 08/01/2012 <sup>(4)</sup> | 08/01/2019 | Common Stock | 4,000 |

## Reporting Owners

| Reporting Owner Name / Address                                      | Relationships |           |                           |       |
|---------------------------------------------------------------------|---------------|-----------|---------------------------|-------|
|                                                                     | Director      | 10% Owner | Officer                   | Other |
| DONDANVILLE JOSEPH E<br>9025 N. LINDBERGH DRIVE<br>PEORIA, IL 61615 |               |           | Senior Vice President/CFO |       |

## Signatures

/s/ Joseph E.  
Dondanville

08/15/2011

          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) The transactions reported on this Form 4 reflect the sale of shares held in the Reporting Person's 401k brokerage account.
- (2) Ownership reflects dividend reinvestment.
- (3) Stock Option grant price adjusted to reflect \$7 RLI extraordinary dividend paid 12/29/10.
- (4) 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.

### Remarks:

This form is one of five Form 4s filed on August 11, 2011 for transactions effected by the Reporting Person on August 9 and A

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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