

RLI CORP

Form 4

February 13, 2012

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 *
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)
02/06/2012

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 ____X____ Other (specify
below) 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)
Common Stock	02/06/2012		J ⁽²⁾	V 1,197 D (A) or (D) Code V Amount Price \$ 72.62	89,737.7414	D ⁽¹⁾	
Common Stock	02/06/2012		J ⁽²⁾	V 1,197 A \$ 72.62	3,520.4965	I	M.J. Stone Grantor Retained Annuity Trust (M2)
Common Stock	02/06/2012		J ⁽⁷⁾	V 2,421 D \$ 70.36	9,945.752	I	M.J. Stone Grantor Retained Annuity Trust (M3)

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Common Stock	02/06/2012	J ⁽⁷⁾	V	2,421	A	\$ 70.36	92,158.7414	D ⁽¹⁾	
Common Stock	02/09/2012	G	V	200	D	\$ 72.59	91,958.7414	D ⁽¹⁾	
Common Stock	02/10/2012	G	V	100	D	\$ 71.83	91,858.7414	D ⁽¹⁾	
Common Stock							19,495.1834	I	By Empl. Stock Ownership Plan ⁽³⁾
Common Stock							22,745.4338	I	By Trust ⁽¹⁾
Common Stock							10,000	I	M.J. Stone Grantor Retained Annuity Trust (M4) dtd. 10/31/11
Common Stock							10,721.09	I	M.J. Stone Grantor Retained Annuity Trust (M5) dtd. 10/31/11
Common Stock							10,721.09	I	M.J. Stone Grantor Retained Annuity Trust (M6) dtd. 10/31/11

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	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. De
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of (D)
(Instr. 3,
4, and 5)

Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option				05/03/2008 ⁽⁴⁾	05/03/2017	Common Stock	31,500
	\$ 44.09						
	⁽⁵⁾ ⁽⁶⁾						
Stock Option				05/01/2009 ⁽⁴⁾	05/01/2018	Common Stock	34,000
	\$ 38						
	⁽⁵⁾ ⁽⁶⁾						
Stock Option				05/07/2010 ⁽⁴⁾	05/07/2017	Common Stock	19,200
	\$ 34.9						
	⁽⁶⁾						
Stock Option				05/06/2011 ⁽⁴⁾	05/06/2018	Common Stock	6,000
	\$ 44.34						
	⁽⁵⁾ ⁽⁶⁾						
Stock Option				08/02/2011 ⁽⁴⁾	08/02/2018	Common Stock	6,000
	\$ 44.2						
	⁽⁶⁾						
Stock Option				11/01/2011 ⁽⁴⁾	11/01/2018	Common Stock	6,000
	\$ 45.26						
	⁽⁵⁾ ⁽⁶⁾						
Stock Option				02/01/2012 ⁽⁴⁾	02/01/2019	Common Stock	6,000
	\$ 50.28						
	⁽⁵⁾						
Stock Option				05/05/2012 ⁽⁴⁾	05/05/2019	Common Stock	8,000
	\$ 53.73						
	⁽⁵⁾						
Stock Option				08/01/2012 ⁽⁴⁾	08/01/2019	Common Stock	8,000
	\$ 57.62						
	⁽⁵⁾						
Stock Option				11/01/2012 ⁽⁴⁾	11/01/2019	Common Stock	8,000
	\$ 62.59						
	⁽⁵⁾						
Stock Option				02/01/2013 ⁽⁴⁾	02/01/2020	Common Stock	8,000
	\$ 72.61						

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 02/10/2012

^{**}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) Shares transferred back to the M.J. Stone Grantor Retained Annuity Trust (M2) due to error in distribution from such trust on 12/01/11. Price reflects average stock price as of 02/02/12.
- (3) Ownership reflects shares allocated to ESOP participant's account and dividend reinvestment.
- (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.
- (5) Stock Option grant price adjusted to reflect \$5 RLI extraordinary dividend declared 11/17/11.
- (6) Stock Option grant price adjusted to reflect \$7 RLI extraordinary dividend paid 12/29/10.
- (7) Shares transferred from the M.J. Stone Grantor Retained Annuity Trust (M3) to M.J. Stone. Price reflects average stock price on 11/07/11.

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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