

RLI CORP  
Form 4  
November 07, 2011

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

OMB APPROVAL

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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

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
9025 N. LINDBERGH DRIVE

3. Date of Earliest Transaction (Month/Day/Year)  
11/04/2011

\_\_\_\_ Director  
\_\_\_\_ Officer (give title below)  Other (specify below)  
President RLI Insurance Compan

(Street)  
PEORIA, IL 61615

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

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

(City) (State) (Zip)

**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	11/04/2011		J(2)	V 10,000 D \$ 70.73	107,443.0464	D (1)	
Common Stock	11/04/2011		J(2)	V 10,000 A \$ 70.73	10,000	I	M.J. Stone Grantor Retained Annuity Trust (M4) dtd. 10/31/11
Common Stock	11/04/2011		J(3)	V 10,000 D \$ 70.73	97,443.0464	D (1)	
	11/04/2011		J(3)	V 10,000 A	10,000	I	

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Common Stock						\$ 70.73			M.J. Stone Grantor Retained Annuity Trust (M5) dtd. 10/31/11	
Common Stock	11/04/2011		J <sup>(4)</sup>	V	10,000	D	\$ 70.73	87,443.0464	D <sup>(1)</sup>	
Common Stock	11/04/2011		J <sup>(4)</sup>	V	10,000	A	\$ 70.73	10,000	I	M.J. Stone Grantor Retained Annuity Trust (M6) dtd. 10/31/11
Common Stock								18,183.9501	I	By Empl. Stock Ownership Plan <sup>(5)</sup>
Common Stock								21,213.9143	I	By Trust <sup>(1)</sup>
Common Stock								2,360.6933	I	M. J. Stone Grantor Retained Annuity Trust (M1)
Common Stock								11,534.982	I	M.J. Stone Grantor Retained Annuity Trust (M3)
Common Stock								4,456.1665	I	M.J. Stone Grantor Retained Annuity Trust (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	2. Conversion	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if	4.	5. Transaction Number	6. Date Exercisable and Expiration Date	7. Title and Amount of Underlying Securities	8. De
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Security (Instr. 3)	or Exercise Price of Derivative Security	any (Month/Day/Year)	Code (Instr. 8)	of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	(Month/Day/Year)	(Instr. 3 and 4)	Se (In			
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option	\$ 49.09 <u>(7)</u>						05/03/2008 <sup>(6)</sup>	05/03/2017	Common Stock	31,500
Stock Option	\$ 43 <sup>(7)</sup>						05/01/2009 <sup>(6)</sup>	05/01/2018	Common Stock	34,000
Stock Option	\$ 39.9 <sup>(7)</sup>						05/07/2010 <sup>(6)</sup>	05/07/2017	Common Stock	19,200
Stock Option	\$ 49.34 <u>(7)</u>						05/06/2011 <sup>(6)</sup>	05/06/2018	Common Stock	6,000
Stock Option	\$ 49.2 <sup>(7)</sup>						08/02/2011 <sup>(6)</sup>	08/02/2018	Common Stock	6,000
Stock Option	\$ 50.26 <u>(7)</u>						11/01/2011 <sup>(6)</sup>	11/01/2018	Common Stock	6,000
Stock Option	\$ 55.28						02/01/2012 <sup>(6)</sup>	02/01/2019	Common Stock	6,000
Stock Option	\$ 58.73						05/05/2012 <sup>(6)</sup>	05/05/2019	Common Stock	8,000
Stock Option	\$ 62.62						08/01/2012 <sup>(6)</sup>	08/01/2019	Common Stock	8,000
Stock Option	\$ 67.59						11/01/2012 <sup>(6)</sup>	11/01/2019	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 11/07/2011

\_\_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) Shares transferred from M.J. Stone to the M.J. Stone Grantor Retained Annuity Trust (M4) dtd. 10/31/11
- (3) Shares transferred from M.J. Stone to the M.J. Stone Grantor Retained Annuity Trust (M5) dtd. 10/31/11.
- (4) Shares transferred from M.J. Stone to the M.J. Stone Grantor Retained Annuity Trust (M6) dtd. 10/31/11.
- (5) Ownership reflects shares allocated to ESOP participant's account and 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.
- (7) 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.

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