RLI CORP Form 4 February 13, 2012

FORM 4

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

OMB APPROVAL

OMB 3235-0287 Number:

January 31, Expires: 2005

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Check this box if no longer subject to Section 16. Form 4 or

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

Form 5 Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, obligations Section 17(a) of the Public Utility Holding Company Act of 1935 or Section may continue. 30(h) of the Investment Company Act of 1940 See Instruction

(Print or Type Responses)

1(b).

(Last)

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

2. Issuer Name and Ticker or Trading Symbol

5. Relationship of Reporting Person(s) to

Issuer

(First)

(Street)

(Middle)

3. Date of Earliest Transaction

RLI CORP [RLI]

(Check all applicable)

9025 N. LINDBERGH DRIVE

(Month/Day/Year)

02/06/2012

Director 10% Owner Officer (give title __X_ Other (specify

below) below) President RLI Insurance Compan

4. If Amendment, Date Original Filed(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

PEORIA, IL 61615

(City)	(State)	(Zip) Tal	Non-	-Derivativ	cquired, 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)	Code (Instr. 8)		4. Securities Acquired on(A) or Disposed of (D) (Instr. 3, 4 and 5) (A) or		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				Amount 1,197	` ´	Price \$ 72.62	89,737.7414	D (1)	
Common Stock	02/06/2012		J <u>(2)</u>	V	1,197	A	\$ 72.62	3,520.4965	I	M.J. Stone Grantor Retained AnnuityTrust (M2)
Common Stock	02/06/2012		J <u>(7)</u>	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 <u>(7)</u>	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 Annuuity Trust (M6) dtd. 10/31/11
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)									

 $\label{thm:convergence} \begin{tabular}{ll} Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned \\ (\emph{e.g.}, puts, calls, warrants, options, convertible securities) \\ \end{tabular}$

1. Title of	2.	3. Transaction Date	3A. Deemed	4.	5.	6. Date Exercisable and	7. Title and Amount of	8.
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	Transactio	onNumber	Expiration Date	Underlying Securities	De
Security	or Exercise		any	Code	of	(Month/Day/Year)	(Instr. 3 and 4)	Se
(Instr. 3)	Price of		(Month/Day/Year)	(Instr. 8)	Derivative	e		(In
	Derivative				Securities	}		
	Security				Acquired			
					(A) or			
					Disposed			

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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	\$ 44.09 (5) (6)	05/03/2008 <u>(4)</u> 05/03/20	7 Common Stock	31,500
Stock Option	\$ 38 (5) (6)	05/01/2009 <u>(4)</u> 05/01/20	8 Common Stock	34,000
Stock Option	\$ 34.9 (5) (6)	05/07/2010 <u>(4)</u> 05/07/20	7 Common Stock	19,200
Stock Option	\$ 44.34 (5) (6)	05/06/2011 <u>(4)</u> 05/06/20	8 Common Stock	6,000
Stock Option	\$ 44.2 (5) (6)	08/02/2011 <u>(4)</u> 08/02/20	8 Common Stock	6,000
Stock Option	\$ 45.26 (5) (6)	11/01/2011 <u>(4)</u> 11/01/20	8 Common Stock	6,000
Stock Option	\$ 50.28 (5)	02/01/2012 <u>(4)</u> 02/01/20	9 Common Stock	6,000
Stock Option	\$ 53.73 (5)	05/05/2012 <u>(4)</u> 05/05/20	9 Common Stock	8,000
Stock Option	\$ 57.62 (5)	08/01/2012 <u>(4)</u> 08/01/20	9 Common Stock	8,000
Stock Option	\$ 62.59 (5)	11/01/2012 <u>(4)</u> 11/01/20	9 Common Stock	8,000
Stock Option	\$ 72.61	02/01/2013(4) 02/01/20	Common Stock	8,000

Reporting Owners

Reporting Owner Name / Address

Director 10% Owner Officer Other

STONE MICHAEL J

9025 N. LINDBERGH DRIVE

PEORIA, IL 61615

Signatures

/s/ Michael J.

Stone 02/10/2012

**Signature of Reporting Person Date

Reporting Owners 3

President RLI Insurance Compan

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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. 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.