

RLI CORP  
Form 4  
February 01, 2006

**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 \*  
STEPHENS GERALD D

(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)  
01/31/2006

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)  Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 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	01/23/2006		G	V	100	D	\$ 54.94	1,089,371.0141 <sup>(1)</sup>	D	
Common Stock								507.701	I	By Empl. Stock Ownership Plan
Common Stock								18,349.652	I	By Executive Deferred Comp
Common Stock								116,030.8315 <sup>(2)</sup>	I	By Key Emp. Benefit Plan
Common Stock	01/25/2006		J <sup>(3)</sup>	V	6,867.5224	D	\$ 53.95	27,677.257 <sup>(4)</sup>	I	By Trust for Grandchildren

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Common Stock						3,692	I	By Trust for Sister	
Common Stock						68,935	I	By Wife	
Common Stock	01/31/2006		S	0.502	D	\$ 54.25	0	I	G.D. Stephens Grantor Retained Annuity Trust
Common Stock	01/31/2006		S	0.4641	D	\$ 54.25	0	I	H.M. Stephens Grantor Retained Annuity Trust

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.**

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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. Price or Value of Underlying Securities (Instr. 3 and 4)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Option	\$ 15.9063					05/06/2000	05/06/2009	Common Stock	55,114
Stock Option	\$ 9.15					05/02/1997	05/02/2006	Common Stock	43,396
Stock Option	\$ 13					05/01/1998	05/01/2007	Common Stock	75,256
Stock Option	\$ 15.7813					05/04/2001	05/04/2010	Common Stock	49,664
Stock Option	\$ 20.05					05/03/2001	05/03/2011	Common Stock	1,440
	\$ 21.1					05/07/1999	05/07/2008		77,762

Stock Option				Common Stock	
Stock Option	\$ 29.405	05/01/2003	05/01/2012	Common Stock	1,080
Stock Option	\$ 29.55	05/01/2004	05/01/2013	Common Stock	720
Stock Option	\$ 34.55	05/03/2005	05/03/2014	Common Stock	360
Stock Option	\$ 40.39	02/02/2005	02/02/2014	Common Stock	360

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
STEPHENS GERALD D 9025 N. LINDBERGH DRIVE PEORIA, IL 61615		X		

## Signatures

Gerald D  
Stephens

02/01/2006

\*\*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).
- (2) Ownership reflects dividend reinvestment.
- (4) Ownership reflects dividend reinvestment.
- (5) Options balance adjusted to reflect 2 additional options received pursuant to the 1995 and 1998 stock splits.
- (1) Ownership reflects dividend reinvestment.
- (3) Shares transferred out of Trust to adult grandchild.

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.