

RLI CORP  
Form 4  
September 04, 2007

**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 \*  
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)  
08/31/2007

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)  
Senior Vice President/CFO

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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  | Code                           | V Amount (A) or (D) Price   |   |  |                                   |
| Common Stock                    | 05/16/2007                           |  | J <sup>(1)</sup>               | V 12,000 A \$ 0   | 51,513.015  | D  |                                   |
| Common Stock                    | 08/31/2007                           |  | M/K                            | 7,482 A \$ 15.9063  | 58,995.015  | D  |                                   |
| Common Stock                    | 08/31/2007                           |  | M/K                            | 10,356 A \$ 21.1  | 69,351.015  | D  |                                   |
| Common Stock                    | 08/31/2007                           |  | F/K                            | 7,591 D \$ 60.15  | 61,760.015  | D  |                                   |
| Common Stock                    | 05/16/2007                           |  | J <sup>(1)</sup>               | V 12,000 D \$ 0   | 24,188.3278 <sup>(2)</sup>  | I  | By Empl. Stock Ownership          |

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|              |                   |   |                          |
|--------------|-------------------|---|--------------------------|
| Common Stock | 8,484.8164<br>(3) | I | Plan<br>By Trust         |
| Common Stock | 400               | I | By wife, as<br>Custodian |

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) |              |                            |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|----------------------------|
|  |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable   | Expiration Date   | Title        | Amount or Number of Shares |
| Option                                     | \$ 15.9063   | 08/31/2007                           |  | M/K                            | 7,482   | 05/06/2000   | 05/06/2009  | Common Stock | 7,482                      |
| Stock Option                               | \$ 15.7813   |                                      |  |                                |   | 05/04/2001   | 05/04/2010  | Common Stock | 20,000                     |
| Stock Option                               | \$ 20.05   |                                      |  |                                |   | 05/03/2002   | 05/03/2011  | Common Stock | 22,000                     |
| Stock Option                               | \$ 29.335  |                                      |  |                                |   | 05/02/2003   | 05/02/2012  | Common Stock | 32,000                     |
| Stock Option                               | \$ 29.55   |                                      |  |                                |   | 05/01/2004   | 05/01/2013  | Common Stock | 28,000                     |
| Stock Option                               | \$ 35.08   |                                      |  |                                |   | 05/06/2005   | 05/06/2014  | Common Stock | 28,000                     |
| Stock Option                               | \$ 44.54   |                                      |  |                                |   | 05/05/2006   | 05/05/2015  | Common Stock | 21,000                     |
| Stock Option                               | \$ 50.15   |                                      |  |                                |   | 05/04/2007   | 05/04/2016  | Common Stock | 17,500                     |
| Stock Option                               | \$ 56.09   |                                      |  |                                |   | 05/03/2008   | 05/03/2017  | Common Stock | 18,000                     |
|  | \$ 21.1  | 08/31/2007                           |  | M/K                            | 10,356  | 05/07/1999   | 05/07/2008  |              | 10,356                     |

Stock  
Option

Common  
Stock

## 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

Joseph E  
Dondanville                      09/04/2007

\_\_Signature of                      Date  
Reporting Person

## 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 shares allocated to ESOP participant's account and dividend reinvestment.
- (3) Ownership reflects 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.
- (1) Distribution of shares under diversification provisions of Employee Stock Ownership Plan & Trust (ESOP).

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.