

RLI CORP  
Form 5  
January 08, 2008

**FORM 5**

**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).  
Form 3 Holdings Reported Form 4 Transactions Reported

**ANNUAL 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

1. Name and Address of Reporting Person \*  
STONE MICHAEL J  
  
(Last) (First) (Middle)

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

5. Relationship of Reporting Person(s) to Issuer  
  
(Check all applicable)

9025 N. LINDBERGH DRIVE  
  
(Street)

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)  
12/31/2007

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
\_\_\_\_ Officer (give title below)  X  Other (specify below)  
President RLI Insurance Compan

PEORIA, IL 61615

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

6. Individual or Joint/Group Reporting  
  
(check applicable line)

X  Form Filed by One Reporting Person  
\_\_\_\_ Form Filed by More than One Reporting Person

| 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 at end of Issuer's Fiscal Year (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|--------|----------|--|--|-----------------------------------|
|                                 |                                      |  |                                | (A) Amount  | or (D) | Price    |  |  |                                   |
| Common Stock                    | 03/07/2007                           | Â  | G                              | 400   | D      | \$ 54.74 | 75,997.4085 (1)  | D  | Â                                 |
| Common Stock                    | Â                                    | Â  | Â                              | Â   | Â      | Â        | 13,158.8547 (2)  | I  | By Empl. Stock Ownership Plan     |
| Common Stock                    | Â                                    | Â  | Â                              | Â   | Â      | Â        | 17,311.3336 (3)  | I  | By Trust                          |

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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 2270  
(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. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Option                                     | \$ 15.9063   | Â                                    | Â  | Â                              | Â   | 05/06/2000 05/06/2009                                    | Common Stock  | 5,004                         |
| Stock Option                               | \$ 15.7813   | Â                                    | Â  | Â                              | Â   | 05/04/2001 05/04/2010                                    | Common Stock  | 5,889                         |
| Stock Option                               | \$ 20.05   | Â                                    | Â  | Â                              | Â   | 05/03/2002 05/03/2011                                    | Common Stock  | 579                           |
| Stock Option                               | \$ 29.335  | Â                                    | Â  | Â                              | Â   | 05/02/2003 05/02/2012                                    | Common Stock  | 48,000                        |
| Stock Option                               | \$ 29.55   | Â                                    | Â  | Â                              | Â   | 05/01/2004 05/01/2013                                    | Common Stock  | 40,000                        |
| Stock Option                               | \$ 35.08   | Â                                    | Â  | Â                              | Â   | 05/06/2005 05/06/2014                                    | Common Stock  | 40,000                        |
| Stock Option                               | \$ 44.54   | Â                                    | Â  | Â                              | Â   | 05/05/2006 05/05/2015                                    | Common Stock  | 30,000                        |
| Stock Option                               | \$ 50.15   | Â                                    | Â  | Â                              | Â   | 05/04/2007 05/04/2016                                    | Common Stock  | 27,500                        |
| Stock Option                               | \$ 56.09   | Â                                    | Â  | Â                              | Â   | 05/03/2008 05/03/2017                                    | Common Stock  | 31,500                        |

## Reporting Owners

| Reporting Owner Name / Address             | Relationships |           |         |                                |
|--|---------------|-----------|---------|--------------------------------|
|  | Director      | 10% Owner | Officer | Other                          |
| STONE MICHAEL J<br>9025 N. LINDBERGH DRIVE | Â             | Â         | Â       | President RLI Insurance Compan |

PEORIA, IL 61615

## Signatures

MichaelJStone

01/08/2008

\*\*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.
- (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.
- (3) Ownership reflects dividend reinvestment.
- (2) Ownership reflects shares allocated to ESOP participant's account and dividend reinvestment.

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