

RLI CORP
Form 4
December 30, 2010

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

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)
12/29/2010

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 | (D) | Price | | | |
| Common Stock | 12/27/2010 | | J ⁽¹⁾ | V | 596 | D | \$ 0 | 25,523.5289 | I | By Empl. Stock Ownership Plan |
| Common Stock | 12/27/2010 | | J ⁽¹⁾ | V | 596 | A | \$ 0 | 86,786.015 | D | |
| Common Stock | 12/29/2010 | | M | | 14,000 | A | \$ 22.55 | 100,786.015 | D | |
| Common Stock | 12/29/2010 | | F | | 9,114 | D | \$ 53.23 | 91,672.015 | D | |
| | | | | | | | | 9,043.6131 | I | By Trust ⁽³⁾ |

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Common
Stock

Common
Stock

12,276

I

By Wife in
Trust

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

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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 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) | Amount or Number of Shares | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|----------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Stock Option | \$ 22.55 (2) | 12/29/2010 | | M | 14,000 | 05/01/2004 | 05/01/2013 | Common Stock | 14,000 |
| Stock Option | \$ 28.08 (2) | | | | | 05/06/2005 | 05/06/2014 | Common Stock | 28,000 |
| Stock Option | \$ 37.54 (2) | | | | | 05/05/2006 | 05/05/2015 | Common Stock | 21,000 |
| Stock Option | \$ 43.15 (2) | | | | | 05/04/2007 ⁽⁴⁾ | 05/04/2016 | Common Stock | 17,500 |
| Stock Option | \$ 49.09 (2) | | | | | 05/03/2008 ⁽⁴⁾ | 05/03/2017 | Common Stock | 18,000 |
| Stock Option | \$ 43 ⁽²⁾ | | | | | 05/01/2009 ⁽⁴⁾ | 05/01/2018 | Common Stock | 5,000 |
| Stock Option | \$ 47.36 (2) | | | | | 08/01/2009 ⁽⁴⁾ | 08/01/2018 | Common Stock | 5,000 |
| Stock Option | \$ 49.73 (2) | | | | | 11/03/2009 ⁽⁴⁾ | 11/03/2018 | Common Stock | 5,000 |
| Stock Option | \$ 49.89 (2) | | | | | 02/02/2010 ⁽⁴⁾ | 02/02/2019 | Common Stock | 5,000 |
| Stock Option | \$ 39.9 ⁽²⁾ | | | | | 05/07/2010 ⁽⁴⁾ | 05/07/2017 | Common Stock | 4,700 |

| | | | | | |
|--------------|---------------------|---------------------------|------------|--------------|-------|
| Stock Option | \$ 43.49 (2) | 08/03/2010 ⁽⁴⁾ | 08/03/2017 | Common Stock | 4,700 |
| Stock Option | \$ 42.9 (2) | 11/02/2010 ⁽⁴⁾ | 11/02/2017 | Common Stock | 4,700 |
| Stock Option | \$ 44.62 (2) | 02/01/2011 ⁽⁴⁾ | 02/01/2018 | Common Stock | 4,700 |
| Stock Option | \$ 49.34 (2) | 05/06/2011 ⁽⁴⁾ | 05/06/2018 | Common Stock | 4,000 |
| Stock Option | \$ 49.2 (2) | 08/02/2011 ⁽⁴⁾ | 08/02/2018 | Common Stock | 4,000 |
| Stock Option | \$ 50.26 (2) (4) | 11/01/2011 | 11/01/2018 | Common Stock | 4,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| DONDANVILLE JOSEPH E 9025 N. LINDBERGH DRIVE PEORIA, IL 61615 | | | Senior Vice President/CFO | |

Signatures

/s/ Joseph E.
Dondanville

12/30/2010

**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) Distribution of shares under diversification provisions of Employee Stock Ownership Plan & Trust (ESOP).
- (2) Stock Option grant price adjusted to reflect \$7 RLI special dividend paid 12/29/10.
- (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.

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