

RLI CORP  
Form 5  
January 30, 2007

**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 \*  
**STEPHENS GERALD D**  
  
(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)  
**12/31/2006**

Director  10% Owner  
 Officer (give title below)  Other (specify below)

**PEORIA, IL 61615**  
  
(City) (State) (Zip)

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

6. Individual or Joint/Group Reporting  
  
(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 at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
				Amount	(A) or (D)	Price			
Common Stock	04/05/2006	Â	G	200	D	\$ 0	1,126,623.8754 (1)	D	Â
Common Stock	06/19/2006	Â	G	100	D	\$ 0	1,126,523.8754 (1)	D	Â
Common Stock	06/30/2006	Â	G	100	D	\$ 0	1,126,662.5496 (1)	D	Â
Common Stock	09/01/2006	Â	G	300	D	\$ 49.07	1,115,538.9212 (1)	D	Â
Common Stock	11/28/2006	Â	G	100	D	\$ 55.97	1,115,438.9212 (1)	D	Â

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Common Stock	Â	Â	Â	Â	Â	Â	18,549.4635 <sup>(2)</sup>	I	By Executive Deferred Comp
Common Stock	Â	Â	Â	Â	Â	Â	95,313.4913 <sup>(3)</sup>	I	By Key Emp. Benefit Plan
Common Stock	04/05/2006	Â	G	100	A	\$ 0	27,864.6479 <sup>(4)</sup>	I	By Trust for Grandchildren
Common Stock	06/30/2006	Â	G	100	A	\$ 0	28,081.4504 <sup>(4)</sup>	I	By Trust for Grandchildren
Common Stock	09/01/2006	Â	G	300	A	\$ 49.07	28,482.0399 <sup>(4)</sup>	I	By Trust for Grandchildren
Common Stock	11/28/2006	Â	G	100	A	\$ 55.97	28,582.0399 <sup>(4)</sup>	I	By Trust for Grandchildren
Common Stock	Â	Â	Â	Â	Â	Â	3,692	I	By Trust for Sister
Common Stock	Â	Â	Â	Â	Â	Â	68,935	I	By Wife

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. Amount or Number of Shares
Option	\$ 15.9063	Â	Â	Â	Â	05/06/2000 05/06/2009	Common Stock	55,114
Stock Option	\$ 15.7813	Â	Â	Â	Â	05/04/2001 05/04/2010	Common Stock	49,664
Stock Option	\$ 20.05	Â	Â	Â	Â	05/03/2001 05/03/2011	Common Stock	1,440
Stock Option	\$ 21.1	Â	Â	Â	Â	05/07/1999 05/07/2008	Common Stock	77,762

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

## Signatures

Gerald D Stephens 01/30/2007

\_\_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).
- (3) Ownership reflects dividend reinvestment.
- (4) Ownership reflects dividend reinvestment.
- (1) Ownership reflects dividend reinvestment.
- (2) Ownership reflects dividend reinvestment.

Note: File three copies of this Form, one of which must be manually signed. If space provided 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.