RLI CORP Form 4 May 07, 2010

FORM 4

OMB APPROVAL

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

OMB 3235-0287 Number:

Check this box if no longer subject to Section 16.

January 31, Expires: 2005

Form 4 or Form 5 obligations STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

Estimated average burden hours per 0.5 response...

may continue. See Instruction

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(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * STONE MICHAEL J			2. Issuer Name and Ticker or Trading Symbol RLI CORP [RLI]	5. Relationship of Reporting Person(s) to Issuer			
(Last)	(First)	(Middle)	3. Date of Earliest Transaction	(Check all applicable)			
9025 N. LINDBERGH DRIVE		RIVE	(Month/Day/Year) 05/06/2010	Director 10% Owner Officer (give titleX Other (specify below) President RLI Insurance Compan			
(Street)			4. If Amendment, Date Original	6. Individual or Joint/Group Filing(Check			
PEORIA, IL 61615			Filed(Month/Day/Year)	Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting Person			

			T CISON
(City)	(State)	(Zip)	Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of	2. Transaction Date	2A. Deemed	3.	4. Securi	ties		5. Amount of	6.	7. Nature of
Security	(Month/Day/Year)	Execution Date, if	Transactio	onAcquired	l(A) or	r	Securities	Ownership	Indirect
(Instr. 3)		any	Code	Disposed	of (D)	Beneficially	Form:	Beneficial
		(Month/Day/Year)	(Instr. 8)	(Instr. 3,	4 and	5)	Owned Following	Direct (D)	Ownership
					(4)		Reported	or Indirect	(Instr. 4)
					(A)		Transaction(s)	(I)	
			Code V	Amount	or (D)	Price	(Instr. 3 and 4)	(Instr. 4)	
Common Stock							104,774.0464	D (2)	
Common Stock							15,261.8505	I	By Empl. Stock Ownership Plan (3)
Common Stock							18,193.6754	I	By Trust (2)
Common Stock							3,581.0674	I	M. J. Stone Grantor Retained

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			Annuity Trust (M1)
Common Stock	5,023.57	I	M.J. Stone Grantor Retained AnnuityTrust (M2)

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

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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. Transactic Code (Instr. 8)	5. Num on Deriv Securiti Acquire (A) or Dispose (D) (Instr. 3 and 5)	vative ies ed	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
Stock Option	\$ 56.34	05/06/2010		A	6,000		05/06/2011(1)	05/06/2018	Common Stock	6,000
Stock Option	\$ 35.08						05/06/2005	05/06/2014	Common Stock	20,000
Stock Option	\$ 44.54						05/05/2006(1)	05/05/2015	Common Stock	30,000
Stock Option	\$ 50.15						05/04/2007(1)	05/04/2016	Common Stock	27,500
Stock Option	\$ 56.09						05/03/2008(1)	05/03/2017	Common Stock	31,500
Stock Option	\$ 50						05/01/2009(1)	05/01/2018	Common Stock	34,000
Stock Option	\$ 46.9						05/07/2010(1)	05/07/2017	Common Stock	32,000

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Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

STONE MICHAEL J

9025 N. LINDBERGH DRIVE

PEORIA, IL 61615

President RLI Insurance Compan

Signatures

/s/ Michael J.

Stone 05/07/2010

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

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.

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