RLI CORP Form 4 July 07, 2011

FORM 4

OMB APPROVAL

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB Number: 3235-0287

Check this box if no longer subject to Section 16.

Washington, D.C. 20549

Expires: January 31, 2005

Form 4 or
Form 5 Filed pursuant to Section

Estimated average burden hours per response... 0.5

Form 5 obligations 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

(Print or Type Responses)

1(b).

1. Name and Address of Reporting Person * STONE MICHAEL J			2. Issuer Name and Ticker or Trading Symbol	5. Relationship of Reporting Person(s) to Issuer		
			RLI CORP [RLI]	(Check all applicable)		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction			
9025 N. LINDBERGH DRIVE			(Month/Day/Year) 07/06/2011	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		
(City)	(State)	(Zip)	Table I. New Designation Council on A	and Discount of an Base Catalla Occasion		

1201411, 12 01010				Person					
	(City)	(State)	(Zip) Tal	ole 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)	Transaction(A) or Disposed of (D) Securities Code (Instr. 3, 4 and 5) Beneficially Following Code (Instr. 8) Owned Following Reported (A)	5. 7. Nature of Ownership Indirect Form: Beneficial Direct (D) Ownership or Indirect (Instr. 4)				
	Common Stock	07/06/2011		G V 1,000 D \$ 102,225.0464 I	D (1)				
	Common Stock			18,093.2021 I	By Empl. Stock Ownership Plan (2)				
	Common Stock			21,114.937 I	By Trust (1)				
	Common Stock			2,349.5633 I	M. J. Stone Grantor Retained				

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								Annuity 7 (M1)	rust	
Common Stock						11,480.6059	I	M.J. Stone Grantor Retained Annuity T (M3)		
Common Stock						4,435.16	I	M.J. Stone Grantor Retained AnnuityT (M2)		
Reminder: I	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. SEC 1474 (9-02)									
			rative Securities Acq puts, calls, warrants				ned			
1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)		Code	5. orNumber of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	Expiration Date U (Month/Day/Year) (I		Underlying S	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	\$ 37.54									
	(4) (4)					05/05/2006(3)	05/05/2015	Common Stock	30,000	
Stock Option						05/05/2006(3) 05/04/2007(3)			30,000 27,500	
	(4) \$ 43.15						05/04/2016	Stock Common		
Option Stock	\$ 43.15 (4) \$ 49.09					05/04/2007(3)	05/04/2016 05/03/2017	Stock Common Stock Common	27,500	
Option Stock Option Stock	\$ 43.15 (4) \$ 49.09 (4)					05/04/2007(3) 05/03/2008(3)	05/04/2016 05/03/2017 05/01/2018	Stock Common Stock Common Stock Common	27,500 31,500	

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Stock Option	\$ 49.34 (4)		Common Stock	
Stock Option	\$ 49.2 (4)	08/02/2011 <u>(3)</u> 08/02/2018	Common Stock	6,000
Stock Option	\$ 50.26 (4)	11/01/2011 <u>(3)</u> 11/01/2018	Common Stock	6,000
Stock Option	\$ 55.28	02/01/2012 <u>(3)</u> 02/01/2019	Common Stock	6,000
Stock Option	\$ 58.73	05/05/2012 <u>(3)</u> 05/05/2019	Common Stock	8,000

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 07/07/2011

**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).
- (1) Ownership reflects dividend reinvestment.
- (2) Ownership reflects shares allocated to ESOP participant's account and dividend reinvestment.
- (3) 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.
- (4) Stock Option grant price adjusted to reflect \$7 RLI extraordinary dividend paid 12/29/10.

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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