RLI CORP Form 4 March 22, 2006

FORM 4

OMB APPROVAL

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

OMB Number: 3235-0287

Check this box if no longer subject to Section 16. Form 4 or

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

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SECURITIES

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

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * BAILY JOHN THOMAS			2. Issuer Name and Ticker or Trading Symbol RLI CORP [RLI]	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction	••		
14 SALISBURY WAY			(Month/Day/Year) 03/21/2006	XDirector10% OwnerOfficer (give title below) Other (specify below)		
	(Street)		4. If Amendment, Date Original	6. Individual or Joint/Group Filing(Check		
FARMING	ГОN, СТ 06	032	Filed(Month/Day/Year)	Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reportin Person		
(City)	(State)	(Zip)	Table I - Non-Derivative Securities Ac	equired, Disposed of, or Beneficially Owne		

(City)	(State)	(Zip) Table	e I - Non-D	Derivative	Secur	ities Acq	uired, Disposed of	f, or Beneficial	ly 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. Securi on(A) or Di (Instr. 3,	ispose	ed of (D)	5. Amount of Securities Beneficially Owned	6. Ownership Form: Direct (D) or Indirect (I)	Indirect Beneficial Ownership
			Code V	Amount	(A) or (D)	Price	Following Reported Transaction(s) (Instr. 3 and 4)	(Instr. 4)	(Instr. 4)
Common Stock	03/21/2006		A(1)	271	A	\$ 55.26	1,048.293	D	
Common Stock							2,143.079 (2)	I	By Trust
Common Stock							2,000	I	By Wife

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

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SEC 1474

(9-02)

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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)		3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transacti Code (Instr. 8)	5. DriNumber of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	5		(Instr. 3 and 4)		8. Prio Deriv Secur (Instr.
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Stock Option	\$ 32.95					08/28/2004	08/28/2013	Common Stock	3,000	
Stock Option	\$ 40.39					02/02/2005	02/02/2014	Common Stock	1,233	

Reporting Owners

Reporting Owner Name / Address	Relationships						
•	Director	10% Owner	Officer	Other			
BAILY JOHN THOMAS 14 SALISBURY WAY FARMINGTON, CT 06032	X						

Signatures

John T Baily 03/22/2006

**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) Issued pursuant to the Omnibus Stock Plan Outside Directors Fee Award Agreement
- (2) Ownership reflects 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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