RLI CORP Form 4 May 15, 2008

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. Form 4 or

January 31, Expires: 2005

Estimated average burden hours per

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

0.5 response...

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 Ad DONDANVI		_	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			(Month/Day/Year) 05/14/2008	Director 10% OwnerX_ Officer (give title Other (specification) below) Senior Vice President/CFO			
	(Street)		4. If Amendment, Date Original Filed(Month/Day/Year)	6. Individual or Joint/Group Filing(Check Applicable Line) _X_ Form filed by One Reporting Person			
PEORIA, IL 61615				Form filed by More than One Reporting Person			
(City)	(State)	(Zin)					

(City)	(State)	(Zip) Table I - Non-Derivative Securities Acquired, Disposed of, or Benefic							
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) onor Disposed of (D) (Instr. 3, 4 and 5) (A) or			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	Securities Ownership Beneficially Form: Owned Direct (D) Following or Indirect Reported (I) Transaction(s) (Instr. 4)	
Common Stock	05/14/2008		M/K	7,097	A	\$ 15.7813	68,457.015	D	
Common Stock	05/14/2008		M/K	13,518	A	\$ 15.9063	81,975.015	D	
Common Stock	05/14/2008		F	10,566	D	\$ 50.46	71,409.015	D	
Common Stock							24,720.3851 (1)	I	By Empl. Stock Ownership

Plan

By Trust

8,592.3 (2)

Ι

Common Stock

By wife, as Common 200 Ι Custodian Stock

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

Persons who respond to the collection of SEC 1474 information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

(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. Transactio Code (Instr. 8)	Security Security Acquired or D (D)	urities uired (A) isposed of r. 3, 4,	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
Option	\$ 15.9063	05/14/2008		M/K		13,518	05/06/2000	05/06/2009	Common Stock	13,518
Stock Option	\$ 20.05						05/03/2002	05/03/2011	Common Stock	22,000
Stock Option	\$ 29.335						05/02/2003	05/02/2012	Common Stock	32,000
Stock Option	\$ 29.55						05/01/2004	05/01/2013	Common Stock	28,000
Stock Option	\$ 35.08						05/06/2005	05/06/2014	Common Stock	28,000
Stock Option	\$ 44.54						05/05/2006	05/05/2015	Common Stock	21,000
Stock Option	\$ 50						05/01/2009	05/01/2018	Common Stock	5,000
Stock Option	\$ 50.15						05/04/2007	05/04/2016	Common Stock	17,500
Stock Option	\$ 56.09						05/03/2008	05/03/2017	Common Stock	18,000
Stock Option	\$ 15.7813	05/14/2008		M/K		7,097	05/04/2001	05/04/2010	Common Stock	7,097

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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

JosephEDondanville

05/15/2008

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

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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