RLI CORP Form 4

December 08, 2011 **OMB APPROVAL** UNITED STATES SECURITIES AND EXCHANGE COMMISSION OMB 3235-0287 Washington, D.C. 20549 Number: Check this box January 31, Expires: if no longer 2005 STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF subject to Estimated average **SECURITIES** Section 16. burden hours per Form 4 or response... 0.5 Form 5 Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, obligations Section 17(a) of the Public Utility Holding Company Act of 1935 or Section may continue. 30(h) of the Investment Company Act of 1940 See Instruction 1(b). (Print or Type Responses) 1. Name and Address of Reporting Person * 5. Relationship of Reporting Person(s) to 2. Issuer Name and Ticker or Trading STONE MICHAEL J Issuer Symbol RLI CORP [RLI] (Check all applicable) (First) (Middle) (Last) 3. Date of Earliest Transaction (Month/Day/Year) Director 10% Owner _X_ Other (specify Officer (give title 9025 N. LINDBERGH DRIVE 12/07/2011 below) below) President RLI Insurance Compan (Street) 4. If Amendment, Date Original 6. Individual or Joint/Group Filing(Check Filed(Month/Day/Year) Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting **PEORIA, IL 61615** Person (City) (State) (Zip) Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned 1.Title of 2. Transaction Date 2A. Deemed 3. 4. Securities Acquired (A) 5. Amount of 7. Nature of Security (Month/Day/Year) Execution Date, if Transactionor Disposed of (D) Securities Ownership Indirect (Instr. 3) Code (Instr. 3, 4 and 5) Beneficially Form: Beneficial (Month/Day/Year) Owned Direct (D) Ownership (Instr. 8) Following or Indirect (Instr. 4) Reported (A) Transaction(s) (Instr. 4) or (Instr. 3 and 4) Code V Amount (D) Price M. J. Stone

| Common Stock | 12/07/2011 | G | V | 722.9983 | D | \$ 69.45 | 0 | I | Retained Annuity Trust (M1) |
|-----------------|------------|---|---|----------|---|-------------|-------------|-------|--|
| Common Stock | | | | | | | 91,034.7414 | D (1) | |
| Common Stock | | | | | | | 18,183.9501 | I | By Empl. Stock Ownership Plan (2) |

Grantor

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| Common | | | 21 212 01 42 | T | D-, T(1) |
|--|---|--|---|--------------|--|
| Stock | | | 21,213.9143 | 1 | By Trust (1) |
| Common Stock | | | 11,534.982 | I | M.J. Stone Grantor Retained Annuity Trust (M3) |
| Common Stock | | | 10,000 | I | M.J. Stone Grantor Retained Annuity Trust (M4) dtd. 10/31/11 |
| Common Stock | | | 10,000 | I | M.J. Stone Grantor Retained Annuity Trust (M5) dtd. 10/31/11 |
| Common Stock | | | 2,002.1665 | I | M.J. Stone Grantor Retained AnnuityTrust (M2) |
| Common Stock | | | 10,000 | I | M.J. Stone Grantor Retained Annuuity Trust (M6) dtd. 10/31/11 |
| Reminder: Report on a sep | parate line for each class of securities benefi | icially owned directly or in Persons who respondinformation contain required to respond displays a currently number. | nd to the collect ed in this form a unless the form | are not n | SEC 1474 (9-02) |
| | Table II - Derivative Securities Acquee.g., puts, calls, warrants, | | | | |
| 1. Title of 2. Derivative Security or Exercise (Instr. 3) Price of Derivative Security | 3. Transaction Date 3A. Deemed (Month/Day/Year) Execution Date, if any (Month/Day/Year) | TransactionNumber Exp | Oate Exercisable an oiration Date onth/Day/Year) | đ | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) |

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(Instr. 3, 4, and 5)

| | | Date Exercisable Expiration Title Number of Sha | ber |
|-----------------|---------------------|---|-----|
| Stock Option | \$ 44.09 (4) (5) | Code V (A) (D) 05/03/2008(3) 05/03/2017 Common Stock 31,50 | 500 |
| Stock Option | \$ 38 (4) (5) | $05/01/2009_{\underline{(3)}} 05/01/2018 \begin{array}{c} Common \\ Stock \end{array} 34,00$ | 000 |
| Stock Option | \$ 34.9 (4) (5) | $05/07/2010_{\underline{(3)}} 05/07/2017 \begin{array}{c} Common \\ Stock \end{array} 19,20$ | 200 |
| Stock Option | \$ 44.2 (4) (5) | $08/02/2011_{\underline{(3)}} 08/02/2018 \frac{\text{Common}}{\text{Stock}} 6,00$ | 00 |
| Stock Option | \$ 44.34 (4) (5) | 05/06/2011(3) 05/06/2018 Common Stock 6,00 | 00 |
| Stock Option | \$ 45.26 (4) (5) | 11/01/2011(3) 11/01/2018 Common Stock 6,00 | 00 |
| Stock Option | \$ 50.28 (4) | $02/01/2012_{\underline{(3)}} 02/01/2019 \begin{array}{c} Common \\ Stock \end{array} 6,00$ | 00 |
| Stock Option | \$ 53.73 (4) | $05/05/2012_{\underline{(3)}} 05/05/2019 \frac{\text{Common}}{\text{Stock}} 8,00$ | 00 |
| Stock Option | \$ 57.62 (4) | 08/01/2012(3) 08/01/2019 Common Stock 8,00 | 00 |
| Stock Option | \$ 62.59 (4) | 11/01/2012(3) 11/01/2019 Common Stock 8,00 | 00 |

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 12/08/2011

**Signature of Person 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).

Reporting Owners 3

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- (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 \$5 RLI extraordinary dividend declared 11/17/11.
- (5) 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.