

RLI CORP
Form 4
September 04, 2007

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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. Name and Address of Reporting Person *
DONDANVILLE JOSEPH E

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)
9025 N. LINDBERGH DRIVE

3. Date of Earliest Transaction (Month/Day/Year)
08/31/2007

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)

Senior Vice President/CFO

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

PEORIA, IL 61615

(City) (State) (Zip)

Table 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) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | Code | V Amount (A) or (D) Price | | | |
| Common Stock | 05/16/2007 | | J ⁽¹⁾ | V 12,000 A \$ 0 | 51,513.015 | D | |
| Common Stock | 08/31/2007 | | M/K | 7,482 A \$ 15.9063 | 58,995.015 | D | |
| Common Stock | 08/31/2007 | | M/K | 10,356 A \$ 21.1 | 69,351.015 | D | |
| Common Stock | 08/31/2007 | | F/K | 7,591 D \$ 60.15 | 61,760.015 | D | |
| Common Stock | 05/16/2007 | | J ⁽¹⁾ | V 12,000 D \$ 0 | 24,188.3278 ⁽²⁾ | I | By Empl. Stock Ownership |

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| | | | |
|--------------|-------------------|---|--------------------------|
| Common Stock | 8,484.8164 (3) | I | Plan By Trust |
| Common Stock | 400 | I | By wife, as Custodian |

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

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SEC 1474
(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. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 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 | 08/31/2007 | | M/K | 7,482 | 05/06/2000 05/06/2009 | Common Stock 7,482 |
| Stock Option | \$ 15.7813 | | | | | 05/04/2001 05/04/2010 | Common Stock 20,000 |
| 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 | \$ 50.15 | | | | | 05/04/2007 05/04/2016 | Common Stock 17,500 |
| Stock Option | \$ 56.09 | | | | | 05/03/2008 05/03/2017 | Common Stock 18,000 |
| | \$ 21.1 | 08/31/2007 | | M/K | 10,356 | 05/07/1999 05/07/2008 | 10,356 |

Stock
Option

Common
Stock

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

Joseph E
Dondanville 09/04/2007

__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).
- (2) Ownership reflects shares allocated to ESOP participant's account and dividend reinvestment.
- (3) Ownership reflects dividend reinvestment.
- (4) 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.
- (1) Distribution of shares under diversification provisions of Employee Stock Ownership Plan & Trust (ESOP).

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.