

RLI CORP  
Form 4  
February 06, 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 \*  
**MICHAEL JONATHAN E**

(Last) (First) (Middle)  
**9025 N. LINDBERGH DRIVE**  
  
(Street)

**PEORIA, IL 61615**

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
**RLI CORP [RLI]**

3. Date of Earliest Transaction (Month/Day/Year)  
**02/02/2007**

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
**President**

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

**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 Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| Common Stock                    |                                      |  |                                | (A) or (D)  | 142,796.5271 <sup>(1)</sup>   | D  |   |
| Common Stock                    |                                      |  |                                | Code V Amount (D) Price   | 61,182.2361 <sup>(2)</sup>  | I  | By Empl. Stock Ownership Plan                         |
| Common Stock                    |                                      |  |                                |   | 34,595.8298 <sup>(3)</sup>  | I  | By Key Employee Benefit Plan                          |
| Common Stock                    |                                      |  |                                |   | 13,960.1775 <sup>(4)</sup>  | I  | By Trust  |

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

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(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   |                                      |  |                                |   | 05/06/2000 05/06/2009                                    | Common Stock 6,290  |
| Stock Option                               | \$ 15.7813   |                                      |  |                                |   | 05/04/2001 05/04/2010                                    | Common Stock 6,336  |
| Stock Option                               | \$ 20.05   |                                      |  |                                |   | 05/03/2002 05/03/2011                                    | Common Stock 60,000   |
| Stock Option                               | \$ 29.335  |                                      |  |                                |   | 05/02/2003 05/02/2012                                    | Common Stock 60,000   |
| Stock Option                               | \$ 29.55   |                                      |  |                                |   | 05/01/2004 05/01/2013                                    | Common Stock 60,000   |
| Stock Option                               | \$ 35.08   |                                      |  |                                |   | 05/06/2005 05/06/2014                                    | Common Stock 60,000   |
| Stock Option                               | \$ 44.54   |                                      |  |                                |   | 05/05/2006 05/05/2015                                    | Common Stock 45,000   |
| Stock Option                               | \$ 47.44   |                                      |  |                                |   | 08/04/2007 08/04/2016                                    | Common Stock 10,500   |
| Stock Option                               | \$ 50.15   |                                      |  |                                |   | 05/04/2007 05/04/2016                                    | Common Stock 10,500   |
| Stock Option                               | \$ 54.04   |                                      |  |                                |   | 11/03/2007 11/03/2016                                    | Common Stock 10,500   |
| Stock Option                               | \$ 56.21   | 02/02/2007                           |  | A                              | 10,500  | 02/02/2008 02/02/2017                                    | Common Stock 10,500   |

# Reporting Owners

| Reporting Owner Name / Address                                    | Relationships |           |           |       |
|---|---------------|-----------|-----------|-------|
|   | Director      | 10% Owner | Officer   | Other |
| MICHAEL JONATHAN E<br>9025 N. LINDBERGH DRIVE<br>PEORIA, IL 61615 | X             |           | President |       |

## Signatures

|  |                     |
|--|---------------------|
| Jonathan E<br>Michael                              | 02/06/2007          |
| <small>__Signature of<br/>Reporting Person</small> | <small>Date</small> |

## 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.
- (4) Ownership reflects dividend reinvestment.
- (3) 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.