RLI CORP Form 4 February 01, 2010

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

OMB APPROVAL

OMB 3235-0287 Number:

January 31, 2005

0.5

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if no longer subject to Section 16. Form 4 or Form 5

obligations

may continue.

See Instruction

Check this box

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

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person ** Kliethermes Craig W			2. Issuer Name and Ticker or Trading Symbol	5. Relationship of Reporting Person(s) to Issuer			
(Last)	ast) (First) (Middle)		RLI CORP [RLI] 3. Date of Earliest Transaction	(Check all applicable)			
9025 N. LINDBERGH DRIVE			(Month/Day/Year) 02/01/2010	Director 10% Owner Officer (give titleX Other (specification) VP, Actuarial RLI Insurance Co			
	(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)	(Zip)	Table I - Non-Derivative Securities Ac	equired, Disposed of, or Beneficially Owned			

(City)	(State)	(Zlp) Tab	le I - Non-	Derivative S	Securit	ties Acqu	ired, Disposed of	f, or Beneficia	lly Owned
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	Fransaction Date 2A. Deemed		3. 4. Securities Acquired (A) Transaction Disposed of (D) Code (Instr. 3, 4 and 5) (Instr. 8) (A) or				5. Amount of Securities Ownership Beneficially Form: Owned Direct (D) Following or Indirect Reported (I) Transaction(s) (Instr. 4) (Instr. 3 and 4)	
Common Stock	02/01/2010		Code V <u>J(4)</u>	Amount 20.2138	(D)	Price \$ 51.88	2,687.2422	I (1)	By Executive Deferred Comp
Common Stock							3,051.277	D (1)	
Common Stock							1,483.019	I (2)	By Esop

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 (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)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transactic Code (Instr. 8)	5. onNumber 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
Stock Option	\$ 50.15					05/04/2007(3)	05/04/2016	Common Stock	5,000
Stock Option	\$ 56.09					05/03/2008(3)	05/03/2017	Common Stock	9,000
Stock Option	\$ 50					05/01/2009(3)	05/01/2018	Common Stock	11,000
Stock Option	\$ 46.9					05/07/2010(3)	05/07/2017	Common Stock	14,000

Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

Kliethermes Craig W

9025 N. LINDBERGH DRIVE

VP, Actuarial RLI Insurance Co

PEORIA, IL 61615

Signatures

/s/ Craig W.
Kliethermes
02/01/2010

**Signature of Reporting Date
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).

(1) Ownership reflects dividend reinvestment.

Reporting Owners 2

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- (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) The securities herein were allocated to my account pursuant to the RLI Corp. Executive Deferred Compensation Agreement.

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.