

RLI CORP

Form 4

December 20, 2006

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

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

OMB APPROVAL

OMB
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(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)
12/19/2006

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 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	12/19/2006		M/K	9,355 A \$ 21.1	145,781.9807 (1)	D	
Common Stock	12/19/2006		F/K	3,495 D \$ 56.49	142,286.9807 (1)	D	
Common Stock					60,910.0705 (2)	I	By Empl. Stock Ownership Plan
Common Stock					34,466.7877 (3)	I	By Key Employee Benefit

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Common Stock	13,908.1062 (4)	I	Plan 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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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							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	\$ 21.1	12/19/2006	M/K	9,355	05/07/1999	05/07/2008	Common Stock	9,355
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Reporting Owners

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

Signatures

Jonathan E Michael	12/20/2006
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__Signature of Reporting Person	Date
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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.
- (5) Options balance adjusted to reflect 2 additional options received pursuant to the 1995 and 1998 stock splits.
- (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.
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