**RLI CORP** Form 4 February 03, 2009

### FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

**SECURITIES** 

**OMB APPROVAL OMB** 

Number:

3235-0287

Expires:

5. Relationship of Reporting Person(s) to

January 31, 2005

0.5

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

obligations

Check this box

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

2. Issuer Name and Ticker or Trading

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 \*

MICHAEL JONATHAN E			Symbol RLI CORP [RLI]			Issuer  (Check all applicable)				
(Last) (First) (Middle) 9025 N. LINDBERGH DRIVE				3. Date of Earliest Transaction (Month/Day/Year) 02/02/2009			(Check all applicable)  _X_ Director 10% Owner _X_ Officer (give title Other (specify below)  President			
(Street) PEORIA, IL 61615				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 Form filed by More than One Reporting Person			
	(City)	(State)	(Zip)	Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned						
,	1.Title of Security (Instr. 3)	2. Transaction Dat (Month/Day/Year)		Date, if	3. Transaction Code (Instr. 8)	Disposed (Instr. 3,	(A) or of (D)	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							178,211.7191	D (1)	
	Common Stock							64,345.801	I	By Empl. Stock Ownership Plan (2)
	Common Stock							35,830.0511	I	By Key Employee Benefit Plan
,	Common							14,458.4846	I	By Trust (1)

#### Stock

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. Transactio Code (Instr. 8)	5. Number of or Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	Expiration Date		7. Title and Amount o Underlying Securities (Instr. 3 and 4)	
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Share
Stock Option	\$ 56.89	02/02/2009		A	10,500	02/02/2010(3)	02/02/2019	Common Stock	10,500
Stock Option	\$ 20.05					05/03/2002	05/03/2011	Common Stock	1
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	\$ 50.15					05/04/2007(3)	05/04/2016	Common Stock	10,500
Stock Option	\$ 47.44					08/04/2007(3)	08/04/2016	Common Stock	10,500
Stock Option	\$ 54.04					11/03/2007(3)	11/03/2016	Common Stock	10,500
Stock Option	\$ 56.21					02/02/2008(3)	02/02/2017	Common Stock	10,500
Stock Option	\$ 56.09					05/03/2008(3)	05/03/2017	Common Stock	10,50
	\$ 56.67					08/03/2008(3)	08/03/2017		10,500

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Stock Option				Common Stock	
Stock Option	\$ 56.03	11/02/2008(3)	11/02/2017	Common Stock	10,500
Stock Option	\$ 55.41	02/01/2009(3)	02/01/2018	Common Stock	10,500
Stock Option	\$ 50	05/01/2009(3)	05/01/2018	Common Stock	10,500
Stock Option	\$ 54.36	08/01/2009(3)	08/01/2018	Common Stock	10,500
Stock Option	\$ 56.73	11/03/2009(3)	11/03/2018	Common Stock	10,500

## **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**

/s/ Jonathan E.
Michael

\*\*Signature of Reporting
Person

Date

### **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.
- (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.

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.

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