RLI CORP Form 4 December 22, 2011

FORM 4

OMB APPROVAL NGE COMMISSION OMB

OTTIVI T	UNITED STATES SECURITIES AND EXCHANGE COMMISSION
	Washington, D.C. 20549
Check this box	<u> </u>

Number: 3235-0287 Expires: January 31,

if no longer subject to Section 16. Form 4 or

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Expires. 2005
Estimated average burden hours per response... 0.5

Form 5 obligations may continue. *See* Instruction

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 RLI CORP [RLI]	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)			
(Last)	(First)	(Middle)	3. Date of Earliest Transaction	(Check an applicable)			
9025 N. LINE	DBERGH D	RIVE	(Month/Day/Year) 12/20/2011	Director 10% Owner Officer (give title X Other (specify below) VP, Actuarial RLI Insurance Co			
(Street)			4. If Amendment, Date Original	6. Individual or Joint/Group Filing(Check			
PEORIA, IL 6	51615		Filed(Month/Day/Year)	Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting Person			

							1 015011		
(City)	(State)	(Zip) Tabl	e I - Non-D	erivative	Secui	rities Acq	uired, Disposed o	of, or Beneficia	lly Owned
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transactio Code (Instr. 8)	4. Securi on(A) or Di (Instr. 3,	spose	d 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	12/20/2011		M	2,000	A	\$ 34.9	7,108.763	D (1)	
Common Stock	12/20/2011		F	1,280	D	\$ 73.53	5,828.763	D (1)	
Common Stock							2,631.8926	I (5)	By Esop
Common Stock							4,616.1427	I (1)	By Executive Deferred Comp

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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. Transactic Code (Instr. 8)	5. Number proof Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisals Expiration Date (Month/Day/Year		7. Title and A Underlying S (Instr. 3 and	Securities
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option	\$ 34.9 (3) (4)	12/20/2011		M	2,000	05/07/2010(2)	05/07/2017	Common Stock	2,000
Stock Option	\$ 44.09 (3) (4)					05/03/2008(2)	05/03/2017	Common Stock	9,000
Stock Option	\$ 38 (3) (4)					05/01/2009(2)	05/01/2018	Common Stock	11,000
Stock Option	\$ 44.34 (3) (4)					05/06/2011(2)	05/06/2018	Common Stock	13,000
Stock Option	\$ 53.73 (3)					05/05/2012(2)	05/05/2019	Common Stock	18,000

Reporting Owners

Reporting Owner Name / Address	Relationships
Nebul Hills (7 wher Maille / Address	

Director 10% Owner Officer Other

Kliethermes Craig W 9025 N LINDRERGH D

9025 N. LINDBERGH DRIVE

VP, Actuarial RLI Insurance Co

PEORIA, IL 61615

Signatures

/s/ Craig W. 12/22/2011 Kliethermes

**Signature of Reporting Date
Person

Reporting Owners 2

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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.
- 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.
- (3) Stock Option grant price adjusted to reflect \$5 RLI extraordinary dividend declared 11/17/11.
- (4) Stock Option grant price adjusted to reflect \$7 RLI extraordinary dividend paid 12/29/10.
- (5) Ownership reflects shares allocated to ESOP participant's account and 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.