

RLI CORP  
Form 4  
February 06, 2006

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

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2005  
Estimated average burden hours per response... 0.5

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**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 \*  
STEPHENS GERALD D

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)

9025 N. LINDBERGH DRIVE

3. Date of Earliest Transaction (Month/Day/Year)  
02/03/2006

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

(Street)

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

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

PEORIA, IL 61615

(City) (State) (Zip)

**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)
			Code	V	Amount	(A) or (D)	Price
Common Stock	02/03/2006		J(1)		23,177	A	\$ 53.63
							1,112,548.0141 (2)
Common Stock	02/03/2006		J(3)		507	A	\$ 53.63
							1,113,055.0141 (2)
Common Stock	02/03/2006		F		2,000	D	\$ 53.45
							1,111,055.0141 (2)
Common Stock	02/03/2006		F		1,000	D	\$ 53.56
							1,110,055.0141 (2)
Common Stock	02/03/2006		F		1,700	D	\$ 53.57
							1,108,355.0141 (2)
Common Stock	02/03/2006		F		100	D	\$ 53.58
							1,108,255.0141

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Stock						(2)		
Common Stock	02/03/2006	F	1,000	D	\$ 53.63	1,107,255.0141 (2)	D	
Common Stock	02/03/2006	F	500	D	\$ 53.64	1,106,755.0141 (2)	D	
Common Stock	02/03/2006	F	1,200	D	\$ 53.65	1,105,555.0141 (2)	D	
Common Stock	02/03/2006	F	471	D	\$ 53.67	1,105,084.0141 (2)	D	
Common Stock	02/03/2006	F	300	D	\$ 53.68	1,104,784.0141 (2)	D	
Common Stock	02/03/2006	F	289	D	\$ 53.97	1,104,495.0141 (2)	D	
Common Stock	02/03/2006	J <sup>(3)</sup>	507	D	\$ 53.63	0.701	I	By Empl.Sto Ownership Plan
Common Stock	02/03/2006	S	0.701	D	\$ 53.63	0	I	By Empl.Sto Ownership Plan
Common Stock						18,349.652	I	By Executive Deferred Comp
Common Stock	02/02/2006	J <sup>(4)</sup>	V 1,432.0548	A	\$ 53.9726	117,462.8863 (5)	I	By Key Emp Benefit Plan
Common Stock	02/03/2006	J <sup>(1)</sup>	23,177	D	\$ 53.63	94,285.8863 (5)	I	By Key Emp Benefit Plan
Common Stock						27,677.257 (6)	I	By Trust for Grandchildre
Common Stock						3,692	I	By Trust for Sister
Common Stock						68,935	I	By Wife

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	2. Conversion	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if	4. TransactionNumber	5.	6. Date Exercisable and Expiration Date	7. Title and Amount of Underlying Securities	8. Pri Deriv
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Security (Instr. 3)	or Exercise Price of Derivative Security	any (Month/Day/Year)	Code (Instr. 8)	of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	(Month/Day/Year)	(Instr. 3 and 4)	Secur (Instr			
			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	55,114
Stock Option	\$ 9.15						05/02/1997	05/02/2006	Common Stock	43,396
Stock Option	\$ 13						05/01/1998	05/01/2007	Common Stock	75,256
Stock Option	\$ 15.7813						05/04/2001	05/04/2010	Common Stock	49,664
Stock Option	\$ 20.05						05/03/2001	05/03/2011	Common Stock	1,440
Stock Option	\$ 21.1						05/07/1999	05/07/2008	Common Stock	77,762
Stock Option	\$ 29.405						05/01/2003	05/01/2012	Common Stock	1,080
Stock Option	\$ 29.55						05/01/2004	05/01/2013	Common Stock	720
Stock Option	\$ 34.55						05/03/2005	05/03/2014	Common Stock	360
Stock Option	\$ 40.39						02/02/2005	02/02/2014	Common Stock	360

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
STEPHENS GERALD D 9025 N. LINDBERGH DRIVE PEORIA, IL 61615	X			

## Signatures

Gerald D  
Stephens 02/06/2006

\_\_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) Shares distributed to Mr. Stephens pursuant to the Gerald D. Stephens RLI Corp. Key Employee Excess Plan Benefit rules.
- (5) Ownership reflects dividend reinvestment.
- (4) The securities herein were allocated to my acct. pursuant to the Gerald D. Stephens RLI Corp. Key Employee Excess Benefit Plan.
- (6) Ownership reflects dividend reinvestment.
- (7) Options balance adjusted to reflect 2 additional options received pursuant to the 1995 and 1998 stock splits.
- (2) Ownership reflects dividend reinvestment.
- (3) Shares distributed to Mr. Stephens pursuant to RLI Corp. Employee Stock Ownership Plan rules.

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.