RLI CORP Form 4 May 26, 2010

FORM 4

OMB APPROVAL

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

OMB 3235-0287 Number:

Check this box if no longer subject to Section 16. Form 4 or

January 31, Expires:

2005 Estimated average burden hours per 0.5 response...

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

Form 5 Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, obligations Section 17(a) of the Public Utility Holding Company Act of 1935 or Section may continue. 30(h) of the Investment Company Act of 1940 See Instruction

1(b).

(Print or Type Responses)

| Name and Address of Reporting Person LENROW GERALD I | 2. Issuer Name and Ticker or Trading Symbol | 5. Relationship of Reporting Person(s) t Issuer | | | |
|--|--|---|--|--|--|
| | RLI CORP [RLI] | (Check all applicable) | | | |
| (Last) (First) (Middle) | 3. Date of Earliest Transaction | | | | |
| | (Month/Day/Year) | _X_ Director 10% Owner | | | |
| 4052 MANSION DRIVE NW | 05/26/2010 | Delow Officer (give title below) Other (specify below) | | | |
| (Street) | 4. If Amendment, Date Original | 6. Individual or Joint/Group Filing(Check | | | |
| | Filed(Month/Day/Year) | Applicable Line) | | | |
| WASHINGTON, DC 20007 | | _X_ Form filed by One Reporting Person Form filed by More than One Reporting Person | | | |

| (City) | (State) | (Zip) Tab | le I - Non-l | Derivative | Secu | rities Acq | quired, 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. Transactic Code (Instr. 8) | 4. Securi or(A) or D (Instr. 3, | ispose | 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 | 05/26/2010 | | M | 1,800 | A | \$ 22.75 | 7,735.42 | D (1) | |
| Common Stock | 05/26/2010 | | F | 768 | D | \$ 53.35 | 6,967.42 | D (1) | |
| Common Stock | | | | | | | 49,078.4726 | I | By Directors' Irrev. Trust (1) |
| Common Stock | | | | | | | 1,005.162 | I | By Trust For Daughter |

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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)

D

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 of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | | Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, | | 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 | \$ 22.75 | 05/26/2010 | | M | | 1,800 | 02/01/2003 | 02/01/2012 | Common Stock | 1,800 | | |
| Stock Option | \$ 40.39 | | | | | | 02/02/2005 | 02/02/2014 | Common Stock | 3,600 | | |
| Stock Option | \$ 27.51 | | | | | | 02/03/2004 | 02/03/2013 | Common Stock | 1,800 | | |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | | | | |
|--|---------------|-----------|---------|-------|--|--|--|
| Transfer of the second | Director | 10% Owner | Officer | Other | | | |
| LENROW GERALD I 4052 MANSION DRIVE NW WASHINGTON, DC 20007 | X | | | | | | |

Signatures

/s/ Gerald I.
Lenrow

_*Signature of Reporting Person

O5/26/2010

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.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Reporting Owners 2

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