

RLI CORP  
Form 4  
July 23, 2010

**FORM 4**

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

OMB APPROVAL

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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

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
Kliethermes Craig W

(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)  
07/22/2010

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_\_ Director  
\_\_\_\_ Officer (give title below)  Other (specify below)  
VP, Actuarial RLI Insurance Co

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 (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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  | Code                           | V   | Amount  | (A) or (D)   | Price                             |
| Common Stock                    | 07/22/2010                           |  | J <sup>(4)</sup>               |   | 57.3859   | A  | \$ 55.6                           |
|                                 |                                      |  |                                |   | 3,316.8303  | I <sup>(1)</sup>   |                                   |
| Common Stock                    |                                      |  |                                |   | 3,138.123   | D <sup>(1)</sup>   |                                   |
| Common Stock                    |                                      |  |                                |   | 1,949.851   | I <sup>(2)</sup>   |                                   |

By Executive Deferred Comp

By Esop

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**

SEC 1474 (9-02)

required to respond unless the form displays a currently valid OMB control number.

**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) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Stock Option                               | \$ 50.15   |                                      |  |                                |   | 05/04/2007 <sup>(3)</sup> 05/04/2016                     | Common Stock  | 5,000                         |
| Stock Option                               | \$ 56.09   |                                      |  |                                |   | 05/03/2008 <sup>(3)</sup> 05/03/2017                     | Common Stock  | 9,000                         |
| Stock Option                               | \$ 50  |                                      |  |                                |   | 05/01/2009 <sup>(3)</sup> 05/01/2018                     | Common Stock  | 11,000                        |
| Stock Option                               | \$ 46.9  |                                      |  |                                |   | 05/07/2010 <sup>(3)</sup> 05/07/2017                     | Common Stock  | 14,000                        |
| Stock Option                               | \$ 56.34   |                                      |  |                                |   | 05/06/2011 <sup>(3)</sup> 05/06/2018                     | Common Stock  | 13,000                        |

## Reporting Owners

| Reporting Owner Name / Address                                     | Relationships |           |                                |       |
|--|---------------|-----------|--------------------------------|-------|
|  | Director      | 10% Owner | Officer                        | Other |
| Kliethermes Craig W<br>9025 N. LINDBERGH DRIVE<br>PEORIA, IL 61615 |               |           | VP, Actuarial RLI Insurance Co |       |

## Signatures

/s/ Craig W. Kliethermes 07/23/2010

\*\*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.

(4) The securities herein were allocated to my account pursuant to the RLI Corp. Executive Deferred Compensation Agreement.

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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