

RLI CORP  
Form 4  
September 18, 2012

**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 \*  
MICHAEL JONATHAN E

(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)  
09/17/2012

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

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	09/17/2012		J <sup>(1)</sup>		30.225	A	\$ 66.17
Common Stock					217,435.0768	D <sup>(2)</sup>	
Common Stock					85,180.7073	I	By Empl. Stock Ownership Plan <sup>(3)</sup>
Common Stock					46,380.629	I	By Key Employee Benefit Plan <sup>(2)</sup>
					18,715.8238	I	By Trust <sup>(2)</sup>

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Common  
Stock

Common Stock	6,544.7675	I	J.E. Michael 2011 Grantor Retained Annuity Trust Dtd 08/02/11
Common Stock	7,708.9199	I	J.E. Michael 2012 Grantor Retained Annuity Trust Dtd 07/24/12
Common Stock	5,060	I	Michael Charitable Fund dtd 08/30/11

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

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(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. 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. De Se (In	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option	\$ 32.54 <u>(4) (5)</u>					05/05/2006	05/05/2015	Common Stock	45,000
						05/04/2007 <sup>(6)</sup>	05/04/2016		10,500

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Stock Option	\$ 38.15 <u>(4) (5)</u>			Common Stock	
Stock Option	\$ 35.44 <u>(4) (5)</u>	08/04/2007 <sup>(6)</sup>	08/04/2016	Common Stock	10,500
Stock Option	\$ 42.04 <u>(4) (5)</u>	11/03/2007 <sup>(6)</sup>	11/03/2016	Common Stock	10,500
Stock Option	\$ 44.21 <u>(4) (5)</u>	02/02/2008 <sup>(6)</sup>	02/02/2017	Common Stock	10,500
Stock Option	\$ 44.09 <u>(4) (5)</u>	05/03/2008 <sup>(6)</sup>	05/03/2017	Common Stock	10,500
Stock Option	\$ 44.67 <u>(4) (5)</u>	08/03/2008 <sup>(6)</sup>	08/03/2017	Common Stock	10,500
Stock Option	\$ 44.03 <u>(4) (5)</u>	11/02/2008 <sup>(6)</sup>	11/02/2017	Common Stock	10,500
Stock Option	\$ 43.41 <u>(4) (5)</u>	02/01/2009 <sup>(6)</sup>	02/01/2018	Common Stock	10,500
Stock Option	\$ 38 <u>(4) (5)</u>	05/01/2009 <sup>(6)</sup>	05/01/2018	Common Stock	10,500
Stock Option	\$ 42.36 <u>(4) (5)</u>	08/01/2009 <sup>(6)</sup>	08/01/2018	Common Stock	10,500
Stock Option	\$ 44.73 <u>(4) (5)</u>	11/03/2009 <sup>(6)</sup>	11/03/2018	Common Stock	10,500
Stock Option	\$ 44.89 <u>(4) (5)</u>	02/02/2010 <sup>(6)</sup>	02/02/2019	Common Stock	10,500
Stock Option	\$ 34.9 <sup>(4)</sup> <u>(5)</u>	05/07/2010 <sup>(6)</sup>	05/07/2017	Common Stock	9,750
Stock Option	\$ 38.49 <u>(4) (5)</u>	08/03/2010 <sup>(6)</sup>	08/03/2017	Common Stock	9,750
Stock Option	\$ 37.9 <sup>(4)</sup> <u>(5)</u>	11/02/2010 <sup>(6)</sup>	11/02/2017	Common Stock	9,750
Stock Option	\$ 39.62 <u>(4) (5)</u>	02/01/2011 <sup>(6)</sup>	02/01/2018	Common Stock	9,750
Stock Option	\$ 44.34 <u>(4) (5)</u>	05/06/2011 <sup>(6)</sup>	05/06/2018	Common Stock	8,500
Stock Option	\$ 45.26 <u>(4) (5)</u>	11/01/2011 <sup>(6)</sup>	11/01/2018	Common Stock	8,500
Stock Option	\$ 44.2 <sup>(4)</sup> <u>(5)</u>	08/02/2011 <sup>(6)</sup>	08/02/2018	Common Stock	8,500
Stock Option	\$ 50.28 <u>(4)</u>	02/01/2012 <sup>(6)</sup>	02/01/2019	Common Stock	8,500
		05/05/2012 <sup>(6)</sup>	05/05/2019		15,000

Stock Option	\$ 53.73 (4)				Common Stock	
Stock Option	\$ 57.62 (4)	08/01/2012 <sup>(6)</sup>	08/01/2019		Common Stock	15,000
Stock Option	\$ 62.59 (4)	11/01/2012 <sup>(6)</sup>	11/01/2019		Common Stock	15,000
Stock Option	\$ 72.61	02/01/2013 <sup>(6)</sup>	02/01/2020		Common Stock	15,000
Stock Option	\$ 68.7	05/03/2013 <sup>(6)</sup>	05/03/2020		Common Stock	15,000
Stock Option	\$ 63.25	08/01/2013 <sup>(6)</sup>	08/01/2020		Common Stock	15,000

## 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 09/18/2012

\*\*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 purchased through payroll deduction feature of the RLI Dividend Reinvestment Plan.
- (2) Ownership reflects dividend reinvestment.
- (3) Ownership reflects shares allocated to ESOP participant's account and dividend reinvestment.
- (4) Stock Option grant price adjusted to reflect \$5 RLI extraordinary dividend declared 11/17/11.
- (5) Stock Option grant price adjusted to reflect \$7 RLI extraordinary dividend paid 12/29/10.
- (6) 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.

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