

RLI CORP  
Form 4  
August 07, 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

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)  
**08/04/2006**

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 Indirect Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|
| Common Stock                    |                                      |  |                                | (A) or (D)  | 135,712.8337 <sup>(1)</sup>   | D  |  |
| Common Stock                    |                                      |  |                                | (A) or (D)  | 60,693.8529 <sup>(2)</sup>  | I  | By Empl. Stock Ownership Plan              |
| Common Stock                    |                                      |  |                                | (A) or (D)  | 34,344.5131 <sup>(3)</sup>  | I  | By Key Employee Benefit Plan               |
| Common Stock                    |                                      |  |                                | (A) or (D)  | 13,858.7655 <sup>(4)</sup>  | I  | By Trust                                   |

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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 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) |              |                            |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|----------------------------|
|  |  |                                      |  | 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 | 6,290                      |
| Stock Option                               | \$ 15.7813   |                                      |  |                                |   | 05/04/2001   | 05/04/2010  | Common Stock | 6,336                      |
| Stock Option                               | \$ 20.05   |                                      |  |                                |   | 05/03/2002   | 05/03/2011  | Common Stock | 60,000                     |
| Stock Option                               | \$ 21.1  |                                      |  |                                |   | 05/07/1999   | 05/07/2008  | Common Stock | 9,355                      |
| Stock Option                               | \$ 29.335  |                                      |  |                                |   | 05/02/2003   | 05/02/2012  | Common Stock | 60,000                     |
| Stock Option                               | \$ 29.55   |                                      |  |                                |   | 05/01/2004   | 05/01/2013  | Common Stock | 60,000                     |
| Stock Option                               | \$ 35.08   |                                      |  |                                |   | 05/06/2005   | 05/06/2014  | Common Stock | 60,000                     |
| Stock Option                               | \$ 44.54   |                                      |  |                                |   | 05/05/2006   | 05/05/2015  | Common Stock | 45,000                     |
| Stock Option                               | \$ 50.15   |                                      |  |                                |   | 05/04/2007   | 05/04/2016  | Common Stock | 10,500                     |
| Stock Option                               | \$ 47.44   | 08/04/2006                           |  | A                              | 10,500  | 08/04/2007   | 08/04/2016  | Common Stock | 10,500                     |

## Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

MICHAEL JONATHAN E  
9025 N. LINDBERGH DRIVE      X                      President  
PEORIA, IL 61615

## Signatures

Jonathan E                              08/07/2006  
Michael

     \*\*Signature of                      Date  
Reporting Person

## 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.
- (5) Options balance adjusted to reflect 2 additional options received pursuant to the 1995 and 1998 stock splits.
- (4) Ownership reflects dividend reinvestment.
- (3) 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.  
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