

RLI CORP
Form 4
March 23, 2006

FORM 4

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

OMB APPROVAL

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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

(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)
03/21/2006

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)

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 Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | Code | V | Amount | (D) | Price |
| Common Stock | 03/21/2006 | | M/K | | 20,000 | A | \$ 9.15 |
| | | | | | 1,124,495.0141 | D | (1) |
| Common Stock | 03/21/2006 | | F/K | | 9,765 | D | \$ 56 |
| | | | | | 1,114,730.0141 | D | (1) |
| Common Stock | | | | | 18,349.652 | I | By Executive Deferred Comp |
| Common Stock | | | | | 94,285.8863 | I | (2) By Key Emp. Benefit Plan |
| Common Stock | | | | | 27,677.257 | I | (3) By Trust for Grandchildren |

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| | | | |
|--------------|--------|---|---------------------|
| 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.

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)

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 | 55,114 |
| 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 |
| Stock Option | \$ 9.15 | 03/21/2006 | | M/K | 20,000 | 05/02/1997 | 05/02/2006 | Common Stock | 20,000 |

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

03/23/2006

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