

RLI CORP
Form 4
November 28, 2011

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 *
Kennedy Daniel O

(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)
11/23/2011

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)
Vice President General Counsel

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 (A) or (D) Price | | | |
| Common Stock | 11/23/2011 | | M | 2,159 A \$ 46.31 | 7,636.724 | D | (1) |
| Common Stock | 11/23/2011 | | M | 8,000 A \$ 43.15 | 15,636.724 | D | (1) |
| Common Stock | 11/23/2011 | | M | 3,088 A \$ 45.3 | 18,724.724 | D | (1) |
| Common Stock | 11/23/2011 | | M | 7,200 A \$ 49.09 | 25,924.724 | D | (1) |
| Common Stock | 11/23/2011 | | M | 6,600 A \$ 43 | 32,524.724 | D | (1) |

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| | | | | | | | | |
|--------------|------------|------------------|--------|---|------------|------------|------------------|---|
| Common Stock | 11/23/2011 | M | 4,120 | A | \$ 39.9 | 36,644.724 | D ⁽¹⁾ | |
| Common Stock | 11/23/2011 | M | 1,760 | A | \$ 49.34 | 38,404.724 | D ⁽¹⁾ | |
| Common Stock | 11/23/2011 | F ⁽⁵⁾ | 25,364 | D | \$ 71.8169 | 13,040.724 | D ⁽¹⁾ | |
| Common Stock | | | | | | 2,629.6372 | I | By Esop ⁽⁶⁾ |
| Common Stock | | | | | | 462.5521 | I | By Executive Deferred Compensation ⁽¹⁾ |

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.

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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) | Amount or Number of Shares | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|--|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | |
| Stock Option | \$ 46.31 ⁽²⁾ | 11/23/2011 | | M | 2,159 | 05/04/2007 05/04/2016 | Common Stock | 2,159 | |
| Stock Option | \$ 43.15 ⁽⁴⁾ | 11/23/2011 | | M | 8,000 | 05/04/2007 ⁽³⁾ 05/04/2016 | Common Stock | 8,000 | |
| Stock Option | \$ 45.3 ⁽⁴⁾ | 11/23/2011 | | M | 3,088 | 02/21/2007 ⁽³⁾ 02/21/2016 | Common Stock | 3,088 | |
| Stock Option | \$ 49.09 ⁽⁴⁾ | 11/23/2011 | | M | 7,200 | 05/03/2008 ⁽³⁾ 05/03/2017 | Common Stock | 7,200 | |
| Stock Option | \$ 43 ⁽⁴⁾ | 11/23/2011 | | M | 6,600 | 05/01/2009 ⁽³⁾ 05/01/2018 | Common Stock | 6,600 | |
| Stock Option | \$ 39.9 ⁽⁴⁾ | 11/23/2011 | | M | 4,120 | 05/07/2010 ⁽³⁾ 05/07/2017 | Common Stock | 4,120 | |

| | | | | | | | | |
|--------------|-----------------|------------|---|-------|---------------|------------|--------------|--------|
| Stock Option | \$ 49.34 (4) | 11/23/2011 | M | 1,760 | 05/06/2011(3) | 05/06/2018 | Common Stock | 1,760 |
| Stock Option | \$ 58.73 | | | | 05/05/2012(3) | 05/05/2019 | Common Stock | 10,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|--------------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| Kennedy Daniel O 9025 N. LINDBERGH DRIVE PEORIA, IL 61615 | | | Vice President General Counsel | |

Signatures

/s/ Daniel O.
Kennedy

11/28/2011

**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) Stock Option grant price and number of incentive stock options granted adjusted to reflect \$7 RLI extraordinary special dividend paid 12/29/10.
- (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) Stock Option grant price adjusted to reflect \$7 RLI extraordinary dividend paid 12/29/10.
- (5) Shares sold in connection with net exercise of options to fund exercise price and associated taxes, pursuant to a benefit plan registered under Form S-8.
- (6) Ownership reflects shares allocated to ESOP participant's account and 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.