RLI CORP
Form 4
May 16, 2007

FORM 4

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

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

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).

(Print or Type Responses)

1. Name and Address of Reporting Person *
STONE MICHAEL J

(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)
05/15/2007

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) __X__ Other (specify below)
President RLI Insurance Compan

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ 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	05/15/2007		J(1)		104.712	A	$ 57.2999	54,878.2588 (2)	D	
Common Stock								13,058.6117 (3)	I	By Empl. Stock Ownership Plan
Common Stock								17,179.8274 (4)	I	By Trust

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

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SEC 1474 (9-02)

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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. Pri Deriv Secur (Instr
				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	6,004	
Stock Option	$ 15.7813							05/04/2001	05/04/2010	Common Stock	5,889	
Stock Option	$ 20.05							05/03/2002	05/03/2011	Common Stock	30,000	
Stock Option	$ 21.1							05/07/1999	05/07/2008	Common Stock	13,838	
Stock Option	$ 29.335							05/02/2003	05/02/2012	Common Stock	48,000	
Stock Option	$ 29.55							05/01/2004	05/01/2013	Common Stock	40,000	
Stock Option	$ 35.08							05/06/2005	05/06/2014	Common Stock	40,000	
Stock Option	$ 44.54							05/05/2006	05/05/2015	Common Stock	30,000	
Stock Option	$ 50.15							05/04/2007	05/04/2016	Common Stock	27,500	
Stock Option	$ 56.09							05/03/2008	05/03/2017	Common Stock	31,500	

Reporting Owners

Reporting Owner Name / Address	**Relationships**			
	Director	10% Owner	Officer	Other

STONE MICHAEL J
9025 N. LINDBERGH DRIVE
PEORIA, IL 61615

President RLI Insurance Compan

Signatures

Michael J Stone	05/16/2007
**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.

(5) 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) Ownership reflects dividend reinvestment.

(3) 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.
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