

RLI CORP  
Form 4  
July 26, 2013

**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)  
**07/25/2013**

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 Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	07/25/2013		M		10,500	A	\$ 33.15
Common Stock	07/25/2013		M		10,500	A	\$ 30.44
Common Stock	07/25/2013		M		10,500	A	\$ 33
Common Stock	07/25/2013		M		7,800	A	\$ 29.9
Common Stock	07/25/2013		M		5,850	A	\$ 33.49

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Common Stock	07/25/2013		M	5,850	A	\$ 32.9	288,027.5528	D <sup>(1)</sup>	
Common Stock	07/25/2013		F	34,216	D	\$ 84.49	253,811.5528	D <sup>(1)</sup>	
Common Stock							93,689.0319	I	By Empl. Stock Ownership Plan <sup>(2)</sup>
Common Stock							50,891.344	I	By Key Employee Benefit Plan <sup>(1)</sup>
Common Stock							20,538.4036	I	By Trust <sup>(1)</sup>
Common Stock							6,667.8084	I	J.E. Michael 2011 Grantor Retained Annuity Trust Dtd 08/02/11
Common Stock							6,034.9199	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	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option	\$ 33.15 <u>(3) (4) (5)</u>	07/25/2013	M	10,500					05/04/2007 <sup>(6)</sup>	05/04/2016	Common Stock	10,500
Stock Option	\$ 30.44 <u>(3) (4) (5)</u>	07/25/2013	M	10,500					08/04/2007 <sup>(6)</sup>	08/04/2016	Common Stock	10,500
Stock Option	\$ 33 <sup>(3) (4)</sup> <u>(5)</u>	07/25/2013	M	10,500					05/01/2009 <sup>(6)</sup>	05/01/2018	Common Stock	10,500
Stock Option	\$ 29.9 <sup>(3)</sup> <u>(4) (5)</u>	07/25/2013	M	7,800					05/07/2010 <sup>(6)</sup>	05/07/2017	Common Stock	7,800
Stock Option	\$ 33.49 <u>(3) (4) (5)</u>	07/25/2013	M	5,850					08/03/2010 <sup>(6)</sup>	08/03/2017	Common Stock	5,850
Stock Option	\$ 32.9 <sup>(3)</sup> <u>(4) (5)</u>	07/25/2013	M	5,850					11/02/2010 <sup>(6)</sup>	11/02/2017	Common Stock	5,850
Stock Option	\$ 34.62 <u>(3) (4) (5)</u>								02/01/2011 <sup>(6)</sup>	02/01/2018	Common Stock	9,750
Stock Option	\$ 39.34 <u>(3) (4) (5)</u>								05/06/2011 <sup>(6)</sup>	05/06/2018	Common Stock	8,500
Stock Option	\$ 39.2 <sup>(3)</sup> <u>(4) (5)</u>								08/02/2011 <sup>(6)</sup>	08/02/2018	Common Stock	8,500
Stock Option	\$ 40.26 <u>(3) (4) (5)</u>								11/01/2011 <sup>(6)</sup>	11/01/2018	Common Stock	8,500
Stock Option	\$ 45.28 <u>(3) (4)</u>								02/01/2012 <sup>(6)</sup>	02/01/2019	Common Stock	8,500
Stock Option	\$ 48.73 <u>(3) (4)</u>								05/05/2012 <sup>(6)</sup>	05/05/2019	Common Stock	15,000
Stock Option	\$ 52.62 <u>(3) (4)</u>								08/01/2012 <sup>(6)</sup>	08/01/2019	Common Stock	15,000
Stock Option	\$ 57.59 <u>(3) (4)</u>								11/01/2012 <sup>(6)</sup>	11/01/2019	Common Stock	15,000
Stock Option	\$ 67.61 <u>(3)</u>								02/01/2013 <sup>(6)</sup>	02/01/2020	Common Stock	15,000
Stock Option	\$ 63.7 <sup>(3)</sup> <u>(3)</u>								05/03/2013 <sup>(6)</sup>	05/03/2020	Common Stock	15,000
Stock Option	\$ 58.25 <u>(3)</u>								08/01/2013 <sup>(6)</sup>	08/01/2020	Common Stock	15,000

Stock Option	\$ 62.83 (3)	11/01/2013 <sup>(6)</sup>	11/01/2020	Common Stock	15,000
Stock Option	\$ 69.48	02/01/2014 <sup>(6)</sup>	02/01/2021	Common Stock	15,000
Stock Option	\$ 71.84	05/02/2014 <sup>(6)</sup>	05/02/2021	Common Stock	10,000

## 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

07/26/2013

\*\*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) Ownership reflects shares allocated to ESOP participant's account and dividend reinvestment.
- (3) Stock option grant price adjusted to reflect \$5 extraordinary dividend declared 11/14/12.
- (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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