

RLI CORP  
Form 4  
August 10, 2009

**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 \*  
**DONDANVILLE JOSEPH 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)  
**08/07/2009**

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)  
**Senior Vice President/CFO**

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 Ownership (Instr. 4)
			Code	V Amount (A) or (D) Price			
Common Stock	08/07/2009		J <sup>(3)</sup>	V 500 D \$ 0	76,510.015	D	
Common Stock	08/07/2009		J <sup>(3)</sup>	V 500 A \$ 0	500	I	Dondanville Family Charitable Trust
Common Stock					25,002.4171	I	By Empl. Stock Ownership Plan
					8,817.8022	I	By Trust <sup>(1)</sup>

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Common  
Stock

Common Stock	12,276	I	By Wife in Trust
Common Stock	200	I	By Wife, As Custodian

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 (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. Amount or Number of Shares
Stock Option	\$ 29.335					Date Exercisable 05/02/2003 Expiration Date 05/02/2012	Common Stock	32,000
Stock Option	\$ 29.55					05/01/2004 05/01/2013	Common Stock	28,000
Stock Option	\$ 35.08					05/06/2005 05/06/2014	Common Stock	28,000
Stock Option	\$ 44.54					05/05/2006 05/05/2015	Common Stock	21,000
Stock Option	\$ 50.15					05/04/2007 <sup>(2)</sup> 05/04/2016	Common Stock	17,500
Stock Option	\$ 56.09					05/03/2008 <sup>(2)</sup> 05/03/2017	Common Stock	18,000
Stock Option	\$ 50					05/01/2009 <sup>(2)</sup> 05/01/2018	Common Stock	5,000
Stock Option	\$ 54.36					08/01/2009 <sup>(2)</sup> 08/01/2018	Common Stock	5,000

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Stock Option	\$ 56.73	11/03/2009 <sup>(2)</sup>	11/03/2018	Common Stock	5,000
Stock Option	\$ 56.89	02/02/2010 <sup>(2)</sup>	02/02/2019	Common Stock	5,000
Stock Option	\$ 46.9	05/07/2010 <sup>(2)</sup>	05/07/2017	Common Stock	4,700
Stock Option	\$ 50.49	08/03/2010 <sup>(2)</sup>	08/03/2017	Common Stock	4,700

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
DONDANVILLE JOSEPH E 9025 N. LINDBERGH DRIVE PEORIA, IL 61615			Senior Vice President/CFO	

## Signatures

/s/ Joseph E.  
Dondanville

08/10/2009

\_\_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) 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.
- (3) Shares were transferred from Joseph E. Dondanville to the Dondanville Family Charitable Trust.

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.