

RLI CORP  
Form 4  
September 04, 2007

**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)  
08/31/2007

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) \_\_\_\_\_ 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	05/16/2007		J <sup>(1)</sup>	V 12,000 A \$ 0	51,513.015	D	
Common Stock	08/31/2007		M/K	7,482 A \$ 15.9063	58,995.015	D	
Common Stock	08/31/2007		M/K	10,356 A \$ 21.1	69,351.015	D	
Common Stock	08/31/2007		F/K	7,591 D \$ 60.15	61,760.015	D	
Common Stock	05/16/2007		J <sup>(1)</sup>	V 12,000 D \$ 0	24,188.3278 <sup>(2)</sup>	I	By Empl. Stock Ownership

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Common Stock	8,484.8164 (3)	I	Plan By Trust
Common Stock	400	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)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Option	\$ 15.9063	08/31/2007		M/K	7,482	05/06/2000	05/06/2009	Common Stock	7,482
Stock Option	\$ 15.7813					05/04/2001	05/04/2010	Common Stock	20,000
Stock Option	\$ 20.05					05/03/2002	05/03/2011	Common Stock	22,000
Stock Option	\$ 29.335					05/02/2003	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	05/04/2016	Common Stock	17,500
Stock Option	\$ 56.09					05/03/2008	05/03/2017	Common Stock	18,000
	\$ 21.1	08/31/2007		M/K	10,356	05/07/1999	05/07/2008		10,356

Stock  
Option

Common  
Stock

## 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

Joseph E  
Dondanville                      09/04/2007

\_\_Signature of                      Date  
Reporting Person

## 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 shares allocated to ESOP participant's account and dividend reinvestment.
- (3) Ownership reflects dividend reinvestment.
- (4) 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.
- (1) Distribution of shares under diversification provisions of Employee Stock Ownership Plan & Trust (ESOP).

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.