

RLI CORP  
Form 4  
November 14, 2008

**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 \*  
STEPHENS GERALD D

2. Issuer Name and Ticker or Trading Symbol  
RLI CORP [RLI]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
9025 N. LINDBERGH DRIVE  
(Street)

3. Date of Earliest Transaction  
(Month/Day/Year)  
11/13/2008

Director  10% Owner  
 Officer (give title below)  Other (specify below)

PEORIA, IL 61615

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

(City) (State) (Zip)

**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	(D)	Price		
Common Stock	11/13/2008		M		49,664	A	\$ 15.7813	1,112,435.1027	D <sup>(1)</sup>
Common Stock	11/13/2008		M		1,440	A	\$ 20.05	1,113,875.1027	D <sup>(1)</sup>
Common Stock	11/13/2008		M		1,080	A	\$ 29.405	1,114,955.1027	D <sup>(1)</sup>
Common Stock	11/13/2008		M		720	A	\$ 29.55	1,115,675.1027	D <sup>(1)</sup>
Common Stock	11/13/2008		M		360	A	\$ 40.39	1,116,035.1027	D <sup>(1)</sup>
Common Stock	11/13/2008		M		360	A	\$ 34.55	1,116,395.1027	D <sup>(1)</sup>

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Stock									
Common Stock	11/13/2008		F	30,669	D	\$ 56.81	1,085,726.1027	D <sup>(1)</sup>	
Common Stock							11,508.2939	I	By Executive Deferred Comp <sup>(1)</sup>
Common Stock							49,220.8814	I	By Key Emp. Benefit Plan <sup>(1)</sup>
Common Stock							30,695.4486	I	By Trust For Grandchildren <sup>(1)</sup>
Common Stock							2,492	I	By Trust For Sister
Common Stock							68,935	I	By Wife
Common Stock							152,923.4117	I	G.D. Stephens Grantor Retained Annuity Trust <sup>(1)</sup>

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)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option	\$ 15.7813	11/13/2008		M	49,664	05/04/2001	05/04/2010	Common Stock	49,664
Stock Option	\$ 20.05	11/13/2008		M	1,440	05/03/2001	05/03/2011	Common Stock	1,440
	\$ 29.405	11/13/2008		M	1,080	05/01/2003	05/01/2012		1,080

Stock Option								Common Stock	
Stock Option	\$ 29.55	11/13/2008	M	720	05/01/2004	05/01/2013		Common Stock	720
Stock Option	\$ 40.39	11/13/2008	M	360	02/02/2005	02/02/2014		Common Stock	360
Stock Option	\$ 34.55	11/13/2008	M	360	05/03/2005	05/03/2014		Common Stock	360

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
STEPHENS GERALD D 9025 N. LINDBERGH DRIVE PEORIA, IL 61615			X	

## Signatures

/s/ Gerald D.  
Stephens

11/14/2008

\*\*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.

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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