

RLI CORP  
Form 4  
December 30, 2010

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL

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**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)  
12/29/2010

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 Indirect Beneficial Ownership (Instr. 4)			
			Code	V	Amount	(D)	Price			
Common Stock	12/27/2010		J <sup>(1)</sup>	V	596	D	\$ 0	25,523.5289	I	By Empl. Stock Ownership Plan
Common Stock	12/27/2010		J <sup>(1)</sup>	V	596	A	\$ 0	86,786.015	D	
Common Stock	12/29/2010		M		14,000	A	\$ 22.55	100,786.015	D	
Common Stock	12/29/2010		F		9,114	D	\$ 53.23	91,672.015	D	
								9,043.6131	I	By Trust <sup>(3)</sup>

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Common  
Stock

Common  
Stock

12,276

I

By Wife in  
Trust

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)	Amount or Number of Shares	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option	\$ 22.55 (2)	12/29/2010		M	14,000	05/01/2004	05/01/2013	Common Stock	14,000
Stock Option	\$ 28.08 (2)					05/06/2005	05/06/2014	Common Stock	28,000
Stock Option	\$ 37.54 (2)					05/05/2006	05/05/2015	Common Stock	21,000
Stock Option	\$ 43.15 (2)					05/04/2007 <sup>(4)</sup>	05/04/2016	Common Stock	17,500
Stock Option	\$ 49.09 (2)					05/03/2008 <sup>(4)</sup>	05/03/2017	Common Stock	18,000
Stock Option	\$ 43 <sup>(2)</sup>					05/01/2009 <sup>(4)</sup>	05/01/2018	Common Stock	5,000
Stock Option	\$ 47.36 (2)					08/01/2009 <sup>(4)</sup>	08/01/2018	Common Stock	5,000
Stock Option	\$ 49.73 (2)					11/03/2009 <sup>(4)</sup>	11/03/2018	Common Stock	5,000
Stock Option	\$ 49.89 (2)					02/02/2010 <sup>(4)</sup>	02/02/2019	Common Stock	5,000
Stock Option	\$ 39.9 <sup>(2)</sup>					05/07/2010 <sup>(4)</sup>	05/07/2017	Common Stock	4,700

