

RLI CORP
Form 4
January 25, 2006

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)
01/24/2006

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 | (A) or (D) | Price | | | |
| Common Stock | 01/24/2006 | | M/K | | 3,250 | A | \$ 13 | 24,139.015 | D | |
| Common Stock | 01/24/2006 | | F/K | | 769 | D | \$ 54.94 | 23,370.015 | D | |
| Common Stock | | | | | | | | 46,948.4654 (1) | I | By Empl. Stock Ownership Plan |
| Common Stock | | | | | | | | 8,274.646 (2) | I | By Trust |
| | | | | | | | | 400 | I | |

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Common
Stock

By wife, as
Custodian

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(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 | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|----------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Option | \$ 15.9063 | | | | | 05/06/2000 | 05/06/2009 | Common Stock | 21,000 |
| 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 | \$ 21.1 | | | | | 05/07/1999 | 05/07/2008 | Common Stock | 18,752 |
| 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 | \$ 13 | 01/24/2006 | | M/K | 3,250 | 05/01/1998 | 05/01/2007 | Common Stock | 3,250 |

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 01/25/2006

 **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).
- (1) Ownership reflects shares allocated to ESOP participant's account and dividend reinvestment.
- (2) 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. 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.