

RLI CORP  
Form 4  
January 13, 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 \*  
STEPHENS GERALD D

(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)  
01/11/2006

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)

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		
Common Stock	01/11/2006		M/K		10,856 A \$ 9.15	(1)	D
Common Stock	01/11/2006		M/K		7,746 A \$ 13	(1)	D
Common Stock	01/11/2006		M/K		6,336 A \$ 15.7813	(1)	D
Common Stock	01/11/2006		M/K		6,286 A \$ 15.9063	(1)	D
Common Stock	01/11/2006		M/K		360 A \$ 20.05	(1)	D
Common Stock	01/11/2006		M/K		4,738 A \$ 21.1	(1)	D

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Stock						(1)		
Common Stock	01/11/2006	M/K	720	A	\$ 29.405	1,096,969.5499 (1)	D	
Common Stock	01/11/2006	M/K	1,080	A	\$ 29.55	1,098,049.5499 (1)	D	
Common Stock	01/11/2006	M/K	1,440	A	\$ 34.55	1,099,489.5499 (1)	D	
Common Stock	01/11/2006	M/K	1,440	A	\$ 40.39	1,100,929.5499 (1)	D	
Common Stock	01/11/2006	M/K	1,800	A	\$ 43.97	1,102,729.5499 (1)	D	
Common Stock	01/11/2006	F/K	13,432	D	\$ 55.64	1,089,297.5499 (1)	D	
Common Stock						43.0052	I	By Empl. Stock Ownership Plan
Common Stock						18,293.3916	I	By Executive Deferred Comp
Common Stock						115,675.3541 (2)	I	By Key Emp. Benefit Plan
Common Stock						34,459.7726 (3)	I	By Trust for Grandchildren
Common Stock						3,692	I	By Trust for Sister
Common Stock						68,935	I	By Wife
Common Stock						0.502	I	G.D. Stephens Grantor Retained Annuity Trust
Common Stock						0.4641	I	H.M. Stephens Grantor Retained Annuity Trust

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)

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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	01/11/2006		M/K		6,286		05/06/2000	05/06/2009	Common Stock	6,286
Stock Option	\$ 9.15	01/11/2006		M/K		10,856		05/02/1997	05/02/2006	Common Stock	10,856
Stock Option	\$ 13	01/11/2006		M/K		7,746		05/01/1998	05/01/2007	Common Stock	7,746
Stock Option	\$ 15.7813	01/11/2006		M/K		6,336		05/04/2001	05/04/2010	Common Stock	6,336
Stock Option	\$ 20.05	01/11/2006		M/K		360		05/03/2001	05/03/2011	Common Stock	360
Stock Option	\$ 21.1	01/11/2006		M/K		4,738		05/07/1999	05/07/2008	Common Stock	4,738
Stock Option	\$ 29.405	01/11/2006		M/K		720		05/01/2003	05/01/2012	Common Stock	720
Stock Option	\$ 29.55	01/11/2006		M/K		1,080		05/01/2004	05/01/2013	Common Stock	1,080
Stock Option	\$ 34.55	01/11/2006		M/K		1,440		05/03/2005	05/03/2014	Common Stock	1,440
Stock Option	\$ 40.39	01/11/2006		M/K		1,440		02/02/2005	02/02/2014	Common Stock	1,440
Stock Option	\$ 43.97	01/11/2006		M/K		1,800		01/02/2006	02/01/2015	Common Stock	1,800

## Reporting Owners

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

## Signatures

Gerald D  
Stephens

01/13/2006

\_\_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).
- (2) Ownership reflects dividend reinvestment.
- (3) Ownership reflects dividend reinvestment.
- (4) Options balance adjusted to reflect 2 additional options received pursuant to the 1995 and 1998 stock splits.
- (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. 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.