

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)  
01/13/2006

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		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)			
Common Stock	01/09/2006		J <sup>(1)</sup>	V	59,887.44	A	\$ 0	<u>(2)</u>	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 <u>(3)</u>	I	By Key Emp. Benefit Plan
Common Stock							34,459.7726 <u>(4)</u>	I	By Trust for Grandchildren

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Common Stock						3,692	I	By Trust for Sister
Common Stock	01/09/2006	J <sup>(1)</sup>	V	3,940	A	\$ 0 68,935	I	By Wife
Common Stock	01/09/2006	J <sup>(5)</sup>	V	22,440.251	D	\$ 0 59,887.942	I	G.D. Stephens Grantor Retained Annuity Trust
Common Stock	01/09/2006	J <sup>(1)</sup>	V	59,887.44	D	\$ 0 0.502	I	G.D. Stephens Grantor Retained Annuity Trust
Common Stock	01/09/2006	J <sup>(6)</sup>	V	1,610.24	D	\$ 0 3,940.4641	I	H.M. Stephens Grantor Retained Annuity Trust
Common Stock	01/09/2006	J <sup>(1)</sup>	V	3,940	D	\$ 0 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.

**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)	8. Price or Amount of Derivative Security (Instr. 3)	
				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	61,400
Stock Option	\$ 9.15					05/02/1997	05/02/2006	Common Stock	54,252

Stock Option	\$ 13	05/01/1998	05/01/2007	Common Stock	83,002
Stock Option	\$ 15.7813	05/04/2001	05/04/2010	Common Stock	56,000
Stock Option	\$ 20.05	05/03/2001	05/03/2011	Common Stock	1,800
Stock Option	\$ 21.1	05/07/1999	05/07/2008	Common Stock	82,500
Stock Option	\$ 29.405	05/01/2003	05/01/2012	Common Stock	1,800
Stock Option	\$ 29.55	05/01/2004	05/01/2013	Common Stock	1,800
Stock Option	\$ 34.55	05/03/2005	05/03/2014	Common Stock	1,800
Stock Option	\$ 40.39	02/02/2005	02/02/2014	Common Stock	1,800
Stock Option	\$ 43.97	02/01/2006	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).
- (5) Annuity Trust distribution to Beneficiaries
- (3) Ownership reflects dividend reinvestment.
- (4) Ownership reflects dividend reinvestment.
- (7) Options balance adjusted to reflect 2 additional options received pursuant to the 1995 and 1998 stock splits.
- (1) Annuity Trust distribution to Grantor
- (2) Ownership reflects dividend reinvestment.
- (6) Annuity Trust distribution to Beneficiary

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