

SECURITIES AND EXCHANGE COMMISSION

FORM 4

Statement of changes in beneficial ownership of securities

Filing Date: **2013-01-09** | Period of Report: **2012-12-28**
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ISSUER

RLI CORP

CIK:[84246](#) | IRS No.: [370889946](#) | State of Incorp.:[IL](#) | Fiscal Year End: [1231](#)
SIC: [6331](#) Fire, marine & casualty insurance

Business Address
*9025 N LINDBERGH DR
PEORIA IL 61615
3096921000*

REPORTING OWNER

STONE MICHAEL J

CIK:[1192707](#) | State of Incorp.:[DE](#) | Fiscal Year End: [1231](#)
Type: [4](#) | Act: [34](#) | File No.: [001-09463](#) | Film No.: [13520427](#)
SIC: [6331](#) Fire, marine & casualty insurance

Mailing Address
*C/O RLI CORP
9025 N. LINDBERGH DR.
PEORIA IL 61615*

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

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

OMB APPROVAL	
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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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

1. Name and Address of Reporting Person STONE MICHAEL J (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) 12/28/2012 4. If Amendment, Date Original Filed(Month/Day/Year)	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input type="checkbox"/> Officer (give title below) <input checked="" type="checkbox"/> Other (specify below) President RLI Insurance Compan 6. Individual or Joint/Group Filing (Check applicable line) <input checked="" type="checkbox"/> Form Filed by One Reporting Person <input type="checkbox"/> Form Filed by More than One Reporting Person
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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	12/28/2012		G	V	350	D	\$63.79	95,977.7414	D ⁽¹⁾	
Common Stock								21,758.5034	I	By Empl. Stock Ownership Plan (2)
Common Stock								24,958.2965	I	By Trust ⁽¹⁾
Common Stock								7,592.621	I	M.J. Stone Grantor Retained Annuity Trust (M3)
Common Stock								7,180	I	M.J. Stone Grantor Retained Annuity Trust (M4) dtd. 10/31/11
Common Stock								10,614.081	I	M.J. Stone Grantor Retained Annuity Trust (M5) dtd. 10/31/11
Common Stock								3,862.3865	I	M.J. Stone Grantor Retained Annuity Trust (M2)
Common Stock								11,198.451	I	M.J. Stone Grantor Retained Annuity Trust

**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 Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Stock Option	\$39.09 ⁽³⁾ ⁽⁴⁾ ⁽⁵⁾							05/03/2008 ⁽⁶⁾	05/03/2017	Common Stock	31,500		31,500	D	
Stock Option	\$33 ⁽³⁾ ⁽⁴⁾ ⁽⁵⁾							05/01/2009 ⁽⁶⁾	05/01/2018	Common Stock	34,000		34,000	D	
Stock Option	\$29.9 ⁽³⁾ ⁽⁴⁾ ⁽⁵⁾							05/07/2010 ⁽⁶⁾	05/07/2017	Common Stock	19,200		19,200	D	
Stock Option	\$39.34 ⁽³⁾ ⁽⁴⁾ ⁽⁵⁾							05/06/2011 ⁽⁶⁾	05/06/2018	Common Stock	6,000		6,000	D	
Stock Option	\$39.2 ⁽³⁾ ⁽⁴⁾ ⁽⁵⁾							08/02/2011 ⁽⁶⁾	08/02/2018	Common Stock	6,000		6,000	D	
Stock Option	\$40.26 ⁽³⁾ ⁽⁴⁾ ⁽⁵⁾							11/01/2011 ⁽⁶⁾	11/01/2018	Common Stock	6,000		6,000	D	
Stock Option	\$45.28 ⁽³⁾ ⁽⁴⁾							02/01/2012 ⁽⁶⁾	02/01/2019	Common Stock	6,000		6,000	D	
Stock Option	\$48.73 ⁽³⁾ ⁽⁴⁾							05/05/2012 ⁽⁶⁾	05/05/2019	Common Stock	8,000		8,000	D	
Stock Option	\$52.62 ⁽³⁾ ⁽⁴⁾							08/01/2012 ⁽⁶⁾	08/01/2019	Common Stock	8,000		8,000	D	
Stock Option	\$57.59 ⁽³⁾ ⁽⁴⁾							11/01/2012 ⁽⁶⁾	11/01/2019	Common Stock	8,000		8,000	D	
Stock Option	\$67.61 ⁽³⁾							02/01/2013 ⁽⁶⁾	02/01/2020	Common Stock	8,000		8,000	D	
Stock Option	\$63.7 ⁽³⁾							05/03/2013 ⁽⁶⁾	05/03/2020	Common Stock	8,000		8,000	D	
Stock Option	\$58.25 ⁽³⁾							08/01/2013 ⁽⁶⁾	08/01/2020	Common Stock	8,000		8,000	D	
Stock Option	\$62.83 ⁽³⁾							11/01/2013 ⁽⁶⁾	11/01/2020	Common Stock	8,000		8,000	D	

Explanation of Responses:

- Ownership reflects dividend reinvestment.
- Ownership reflects shares allocated to ESOP participant's account and dividend reinvestment.
- Stock option grant price adjusted to reflect \$5 extraordinary dividend declared 11/14/12.
- Stock Option grant price adjusted to reflect \$5 RLI extraordinary dividend declared 11/17/11.
- Stock Option grant price adjusted to reflect \$7 RLI extraordinary dividend paid 12/29/10.
- Pursuant to option schedule wherein 20% of the aggregate number of shares granted may be exercised commencing one year from grant date and each year thereafter in 20% increments.

Signatures

/s/ Michael J. Stone

** Signature of Reporting Person

01/09/2013

Date

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

* 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).

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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