RLI CORP Form 4 May 07, 2007

FORM 4

OMB APPROVAL

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

OMB 3235-0287 Number:

Check this box if no longer subject to Section 16.

January 31, Expires: 2005

5. Relationship of Reporting Person(s) to

Issuer

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

Estimated average burden hours per response... 0.5

Form 4 or Form 5 obligations may continue. See Instruction

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

2. Issuer Name and Ticker or Trading

Symbol

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person *

MICHAEL JONATHAN E

			RLI CORP [RLI]					(Check all applicable)				
(Last) (First) (Middle) 9025 N. LINDBERGH DRIVE			3. Date of Earliest Transaction (Month/Day/Year) 05/03/2007					X Director 10% Owner X Officer (give title Other (specify below) President				
PEORIA, I	4. If Amendment, Date Original Filed(Month/Day/Year)					6. Individual or Joint/Group Filing(Check Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting Person						
(City)	(State)	(Zip)	Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned									
1.Title of Security (Instr. 3)	2. Transaction E (Month/Day/Ye:	ar) Execution	med on Date, if Day/Year)	3. Transactic Code (Instr. 8)	4. Securi onAcquired Disposed (Instr. 3,	(A) or l of (D) 4 and 5) (A) or	rice	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)		
Common Stock								142,871.6881 (1)	D			
Common Stock								61,835.2987 <u>(2)</u>	I	By Empl. Stock Ownership Plan		
Common Stock								34,720.8576 <u>(3)</u>	I	By Key Employee Benefit Plan		
Common Stock								14,010.6292 (4)	I	By Trust		

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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)

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. 5. Number of TransactionDerivative Code Securities (Instr. 8) 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						05/06/2000	05/06/2009	Common Stock	6,290
Stock Option	\$ 15.7813						05/04/2001	05/04/2010	Common Stock	6,336
Stock Option	\$ 20.05						05/03/2002	05/03/2011	Common Stock	60,000
Stock Option	\$ 29.335						05/02/2003	05/02/2012	Common Stock	60,000
Stock Option	\$ 29.55						05/01/2004	05/01/2013	Common Stock	60,000
Stock Option	\$ 35.08						05/06/2005	05/06/2014	Common Stock	60,000
Stock Option	\$ 44.54						05/05/2006	05/05/2015	Common Stock	45,000
Stock Option	\$ 47.44						08/04/2007	08/04/2016	Common Stock	10,500
Stock Option	\$ 50.15						05/04/2007	05/04/2016	Common Stock	10,500
Stock Option	\$ 54.04						11/03/2007	11/03/2016	Common Stock	10,500
Stock Option	\$ 56.21						02/02/2008	02/02/2017	Common Stock	10,500
Stock Option	\$ 56.09	05/03/2007		A	10,500		05/03/2008	05/03/2017	Common Stock	10,500

Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

MICHAEL JONATHAN E

9025 N. LINDBERGH DRIVE X President

PEORIA, IL 61615

Signatures

Jonathan E Michael 05/07/2007

**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 dividend reinvestment.
- (2) Ownership reflects shares allocated to ESOP participant's account and dividend reinvestment.
- (4) Ownership reflects dividend reinvestment.
- (5) 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.
- (3) 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.

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