

JACOBY AARON H
 Form 4
 February 22, 2010

FORM 4

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

OMB APPROVAL

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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 *
JACOBY AARON H

(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)
02/16/2010

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)
 Vice President Corp. Develop.

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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | | (A) or (D) Code V Amount Price | | | |
| Common Stock | 02/16/2010 | | J ⁽²⁾ | V 426.7416 A \$ 51.095 | 3,928.6017 | I | By Esop ⁽¹⁾ |
| Common Stock | | | | | 238.602 | D ⁽³⁾ | |

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

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SEC 1474 (9-02)

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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 |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Stock Option | \$ 32.85 | | | | | 08/11/2004 08/11/2013 | Common Stock | 1,500 |
| Stock Option | \$ 35.08 | | | | | 05/06/2005 05/06/2014 | Common Stock | 4,000 |
| Stock Option | \$ 44.54 | | | | | 05/05/2006 ⁽⁴⁾ 05/05/2015 | Common Stock | 3,500 |
| Stock Option | \$ 50.15 | | | | | 05/04/2007 ⁽⁴⁾ 05/04/2016 | Common Stock | 4,000 |
| Stock Option | \$ 56.09 | | | | | 05/03/2008 ⁽⁴⁾ 05/03/2017 | Common Stock | 4,500 |
| Stock Option | \$ 50 | | | | | 05/01/2009 ⁽⁴⁾ 05/01/2018 | Common Stock | 5,000 |
| Stock Option | \$ 46.9 | | | | | 05/07/2010 ⁽⁴⁾ 05/07/2017 | Common Stock | 4,700 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|-------------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| JACOBY AARON H 9025 N. LINDBERGH DRIVE PEORIA, IL 61615 | | | Vice President Corp. Develop. | |

Signatures

/s/ Aaron H. Jacoby 02/22/2010

**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).
- (1) Ownership reflects shares allocated to ESOP participant's account and dividend reinvestment.
- (2) Transaction reflects 2009 ESOP contribution.
- (3) Ownership reflects dividend reinvestment.
- (4) 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.

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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