

SUTKOWSKI EDWARD F
 Form 4
 September 22, 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 *
 SUTKOWSKI EDWARD F

(Last) (First) (Middle)

SUTKOWSKI & RHOADS
 LTD, 416 MAIN STREET

(Street)

PEORIA, IL 61602

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
 RLI CORP [RLI]

3. Date of Earliest Transaction
 (Month/Day/Year)
 09/20/2006

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 (A) or (D) Price			
Common Stock					48,066.1522 (1)	D	
Common Stock	09/20/2006		A(2)	146 A \$ 51.13	76,254.6846 (3)	I	By Directors Trust
Common Stock					66,338.6103 (4)	I	By Trust
Common Stock					3,284.7336 (5)	I	S&R Money Purchase

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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. 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)
Stock Option	\$ 22.75					02/01/2003 02/01/2012	Common Stock 600	
Stock Option	\$ 27.51					02/03/2004 02/03/2013	Common Stock 1,200	
Stock Option	\$ 40.39					02/02/2005 02/02/2014	Common Stock 3,600	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SUTKOWSKI EDWARD F SUTKOWSKI & RHOADS LTD 416 MAIN STREET PEORIA, IL 61602	X			

Signatures

Edward F Sutkowski 09/22/2006

**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) Issued pursuant to the Omnibus Stock Plan Outside Directors Fee Award Agreement
- (1) Ownership reflects dividend reinvestment.
- (5) Ownership reflects dividend reinvestment.
- (4) Ownership reflects dividend reinvestment.
- (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.