

RLI CORP  
Form 5  
January 11, 2006

**FORM 5**

**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).  
Form 3 Holdings Reported Form 4 Transactions Reported

**ANNUAL 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

1. Name and Address of Reporting Person \*  
**STEPHENS GERALD D**  
  
(Last) (First) (Middle)

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

5. Relationship of Reporting Person(s) to Issuer  
  
(Check all applicable)

**9025 N. LINDBERGH DRIVE**  
  
(Street)

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)  
**12/31/2005**

Director  10% Owner  
 Officer (give title below)  Other (specify below)

**PEORIA, IL 61615**  
  
(City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Reporting  
  
(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 at end of Issuer's Fiscal Year (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) Amount Price			
Common Stock	01/21/2005	Â	G	100 D \$ 40.58	884,519.2145 (1)	D	Â
Common Stock	03/03/2005	Â	J(2)	70,517.46 A \$ 0	1,005,827.6745 (1)	D	Â
Common Stock	04/06/2005	Â	G	200 D \$ 42.51	1,005,627.6745 (1)	D	Â
Common Stock	06/17/2005	Â	G	100 D \$ 46.35	1,005,707.4423 (1)	D	Â
Common Stock	07/01/2005	Â	G	100 D \$ 44.97	1,005,607.4423 (1)	D	Â

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Common Stock	09/13/2005	Â	G	300	D	\$ 0	1,006,038.0971 (1)	D	Â
Common Stock	11/28/2005	Â	G	100	D	\$ 53.02	1,006,140.1099 (1)	D	Â
Common Stock	12/09/2005	Â	G	100	D	\$ 52.46	1,006,040.1099 (1)	D	Â
Common Stock	12/23/2005	Â	G	6,000	D	\$ 51.25	1,000,040.1099 (1)	D	Â
Common Stock	Â	Â	Â	Â	Â	Â	43.0052	I	By Empl.St Ownership Plan
Common Stock	Â	Â	Â	Â	Â	Â	18,293.3916	I	By Executi Deferred Comp
Common Stock	Â	Â	Â	Â	Â	Â	115,675.3541 (3)	I	By Key Em Benefit Plan
Common Stock	04/06/2005	Â	G	100	A	\$ 42.51	33,513.5574 (4)	I	By Trust fo Grandchild
Common Stock	07/01/2005	Â	G	100	A	\$ 44.97	33,722.3436 (4)	I	By Trust fo Grandchild
Common Stock	09/13/2005	Â	G	300	A	\$ 0	34,136.8508 (4)	I	By Trust fo Grandchild
Common Stock	11/28/2005	Â	G	100	A	\$ 53.02	34,359.7726 (4)	I	By Trust fo Grandchild
Common Stock	12/09/2005	Â	G	100	A	\$ 52.46	34,459.7726 (4)	I	By Trust fo Grandchild
Common Stock	Â	Â	Â	Â	Â	Â	3,692	I	By Trust fo Sister
Common Stock	03/03/2005	Â	J(2)	4,639.64	A	\$ 0	64,995	I	By Wife
Common Stock	01/18/2005	Â	J(5)	525.5238	A	\$ 40.3546	152,006.5284	I	G.D. Stephe Grantor Retained Annuity Tr
Common Stock	03/03/2005	Â	J(2)	70,517.46	D	\$ 0	81,489.0684	I	G.D. Stephe Grantor Retained Annuity Tr
Common Stock	04/18/2005	Â	J(5)	265.3137	A	\$ 42.99	81,754.3821	I	G.D. Stephe Grantor Retained Annuity Tr

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Common Stock	07/18/2005	Â	J <sup>(5)</sup>	278.4297	A	\$ 46.98	82,032.8118	I	G.D. Stephen Grantor Retained Annuity Trust
Common Stock	10/17/2005	Â	J <sup>(5)</sup>	295.3812	A	\$ 44.43	82,328.193	I	G.D. Stephen Grantor Retained Annuity Trust
Common Stock	01/18/2005	Â	J <sup>(5)</sup>	35.0349	A	\$ 40.3546	10,133.7687	I	H.M. Stephen Grantor Retained Annuity Trust
Common Stock	03/03/2005	Â	J <sup>(2)</sup>	4,639.64	D	\$ 0	5,494.1287	I	H.M. Stephen Grantor Retained Annuity Trust
Common Stock	04/18/2005	Â	J <sup>(5)</sup>	17.888	A	\$ 42.99	5,512.0167	I	H.M. Stephen Grantor Retained Annuity Trust
Common Stock	07/18/2005	Â	J <sup>(5)</sup>	18.7722	A	\$ 46.98	5,530.7889	I	H.M. Stephen Grantor Retained Annuity Trust
Common Stock	10/17/2005	Â	J <sup>(5)</sup>	19.9152	A	\$ 44.43	5,550.7041	I	H.M. Stephen 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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**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. D (Instr. 3)
					(A) (D)	Date Exercisable Expiration Date	Title	Amount or Number

										of Shares
Option	\$ 15.9063	Â	Â	Â	Â	Â	05/06/2000	05/06/2009	Common Stock	61,400
Stock Option	\$ 9.15	Â	Â	Â	Â	Â	05/02/1997	05/02/2006	Common Stock	54,252
Stock Option	\$ 13	Â	Â	Â	Â	Â	05/01/1998	05/01/2007	Common Stock	83,002
Stock Option	\$ 15.7813	Â	Â	Â	Â	Â	05/04/2001	05/04/2010	Common Stock	56,000
Stock Option	\$ 20.05	Â	Â	Â	Â	Â	05/03/2001	05/03/2011	Common Stock	1,800
Stock Option	\$ 21.1	Â	Â	Â	Â	Â	05/07/1999	05/07/2008	Common Stock	82,500
Stock Option	\$ 29.405	Â	Â	Â	Â	Â	05/01/2003	05/01/2012	Common Stock	1,800
Stock Option	\$ 29.55	Â	Â	Â	Â	Â	05/01/2004	05/01/2013	Common Stock	1,800
Stock Option	\$ 34.55	Â	Â	Â	Â	Â	05/03/2005	05/03/2014	Common Stock	1,800
Stock Option	\$ 40.39	Â	Â	Â	Â	Â	02/02/2005	02/02/2014	Common Stock	1,800
Stock Option	\$ 43.97	Â	Â	Â	Â	Â	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	Â X	Â	Â	Â

## Signatures

Gerald D Stephens 01/11/2006

\*\*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) Shares purchased through Dividend Reinvestment Plan.
- (3) Ownership reflects dividend reinvestment.

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- (4) Ownership reflects dividend reinvestment.
- (6) Options balance adjusted to reflect 2 additional options received pursuant to the 1995 and 1998 stock splits.
- (2) Annuity Trust distribution to Grantor
- (1) Ownership reflects dividend reinvestment.

Note: File three copies of this Form, one of which must be manually signed. If space provided 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.