

required to respond unless the form displays a currently valid OMB control number.

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 Value of Underlying Securities (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|---|
| Stock Option | \$ 50.15 | | | | | 05/04/2007 05/04/2016 | Common Stock | 5,000 |
| Stock Option | \$ 56.09 | | | | | 05/03/2008 05/03/2017 | Common Stock | 9,000 |
| Stock Option | \$ 50 | | | | | 05/01/2009 05/01/2018 | Common Stock | 11,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------------|------------------|
| | Director | 10% Owner | Officer | Other |
| Kliethermes Craig W 9025 N. LINDBERGH DRIVE PEORIA, IL 61615 | | | VP, Actuarial | RLI Insurance Co |

Signatures

/s/ Craig W. Kliethermes 10/20/2008

**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) The securities herein were allocated to my account pursuant to the RLI Corp. Executive Deferred Compensation Agreement.

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.