
RLI Corp.
Finance and Investment Committee Charter

Revised: February 3, 2005

**THE RLI CORP.
FINANCE AND INVESTMENT COMMITTEE CHARTER**

PURPOSE

The purpose of the Finance and Investment Committee (“Committee”) of the Board of Directors (“Board”) of RLI Corp. (“Company”) is to oversee the Company’s investment and corporate finance transactions, management, policies and guidelines which includes reviewing investment performance, reviewing investment risk management exposure, and reviewing the Company’s capital structure.

MEMBERSHIP

The Committee shall consist of at least three members, one of whom shall serve as Chair of the Committee. Committee members shall be nominated by the Nominating/Corporate Governance Committee, elected by the Board and may be removed from the Committee at any time, with or without cause.

PRINCIPAL FUNCTIONS AND RESPONSIBILITIES

The principal functions and responsibilities of the Committee are to periodically review the following matters and make recommendations to the Board concerning same:

1. The Company’s investment policies and guidelines, the Company’s implementation of and compliance with those policies and guidelines, and the performance of the Company’s investment portfolios and investment managers.
2. Corporate financial policies relating to capital structure, including debt limits, dividend policy, stock splits, and repurchases of stock or other securities.
3. The Company’s capital needs and financing arrangements, the Company’s ability to access capital markets and management’s financing plans.
4. The Company’s policies and procedures for investment risk management.

MEETINGS

The Committee shall meet jointly with the Finance & Investment Committee of RLI Insurance Company quarterly and at such other times as determined by the Chair of the Committee. A majority of the members of the Committee shall constitute a quorum for the transaction of business.

COMMITTEE SUPPORT

To assist the Committee in fulfilling its duties, management will provide the Committee with information and recommendations as needed and requested.

RESOURCES AND AUTHORITY

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of special counsel or other experts or consultants, as it deems appropriate, without seeking approval of the Board or management.

REPORTING

The Committee will prepare and, through its Chair, submit periodic reports of the Committee's work and findings to the Board. Said reports will contain recommendations for Board actions when appropriate.

ANNUAL PERFORMANCE REVIEW

The Committee shall develop and conduct, at least annually, an assessment of the Committee's performance on a continuing basis, individually and collectively.

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