
RLI CORP.
Executive Resources Committee Charter
Effective: August 29, 2002
Revised: February 5, 2009

Purpose

The Executive Resources Committee is responsible to the Board of Directors for (1) reviewing and providing advice regarding an Executive Compensation Policy and the execution thereof; (2) reviewing and providing advice regarding the Company's management development and succession planning; (3) monitoring compensation actions by management below the executive level; (4) producing an annual report on executive compensation for inclusion in the Company's proxy statement, in accordance with applicable rules and regulations; and (5) determining the scope of benefits offered under the Company's employee benefit plans. The Executive Resource Committee does not set or advise upon compensation of the Board of Directors, which function is in the purview of the Nominating/Corporate Governance Committee, with the advice and counsel of the Executive Resources Committee.

Membership

The Executive Resources Committee shall consist of at least three members, all of whom shall be Independent Directors, (as defined in the RLI Corp. Corporate Governance Guidelines) 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 & Responsibilities

Compensation:

1. Review and evaluate, at least annually, the corporate goals and objectives, the performance (in light of the goals and objectives) and the leadership of the Chief Executive Officer; determine and recommend compensation of the Chief Executive Officer to the Independent Directors for approval; review and recommend compensation of the non-CEO executive officers to the Board of Directors for approval.
2. Review with the Chief Executive Officer his/her evaluation of the performance of the Chief Operating Officer, Chief Financial Officer, and other officers designated by the Committee.
3. Determine and approve annually the Company's financial goals for the Market Value Potential Plan.
4. Review and approve (or recommend changes by the Board of Directors, if appropriate) the Company's long-term incentive programs and plans and equity-based plans.

5. Review annual reports disclosing all direct and indirect compensation paid to key officers.
6. If a compensation consultant is to assist in the evaluation of CEO or senior executive compensation, the Committee has sole authority to retain and terminate the consulting firm, including sole authority to approve the firm's fees and retention terms. Management also has authority to retain consultants with respect to the Company's compensation and benefit programs, but may not retain the consulting firm retained by the Committee to assist in the evaluation of CEO or senior executive compensation without approval in advance from the Committee.
7. Review annually management's summary report on all other officer and key management compensation actions.

Management Development:

1. Review annually the process and results for identifying key executive managers of the Company.
2. Review annually the Company's key employee management development actions and succession plan.
3. Review annually with the Board of Directors the Company's succession plan, including those plans for emergency succession in cases of the unexpected disability, of the Chief Executive Officer.

Reporting

The Committee will prepare and, through its Chair, submit periodic reports of the Committee's work and findings to the Board of Directors. Said report 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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