RLI Corporation (RLI)

Updated November 4th, 2025 by Jonathan Weber

Key Metrics

Current Price:	$60	**5 Year CAGR Estimate:**	5.5%	**Market Cap:**	$5.5B
Fair Value Price:	$65	**5 Year Growth Estimate:**	3.0%	**Ex-Dividend Date:**	12/08/25[1]
% Fair Value:	93%	**5 Year Valuation Multiple Estimate:**	1.5%	**Dividend Payment Date:**	12/20/25[2]
Dividend Yield:	1.1%	**5 Year Price Target**	$75	**Years Of Dividend Growth:**	50
Dividend Risk Score:	A	**Sector:**	Financials	**Rating:**	Hold

Overview & Current Events

RLI Corp. is an insurance company that operates the following business units: Casualty (healthcare & transportation insurance), Property (fire, earthquake, difference in conditions, marine, etc.) and Surety (contract surety coverage, licenses, and bonds). RLI was founded in 1965 and is headquartered in Peoria, Illinois. In 2025, RLI Corporation became a Dividend King thanks to 50 years of growing dividends.

RLI Corporation reported its third quarter earnings results at the end of October. The company reported revenues of $509 million for the quarter, which was up 8% compared to the previous year's quarter. Net earned premiums rose by 5% year-over-year. Net unrealized gains were higher compared to the previous year's quarter, which is why revenues rose more than the company's solid premium performance suggests. Higher net investment income, which was up 13% year over year, was a tailwind for RLI's profitability during the quarter.

RLI Corporation earned $0.83 per share on a non-GAAP, or adjusted, basis during the quarter, which is where RLI backs out one-time items that can distort the picture when it comes to the company's underlying earnings power. RLI's bottom line was 28% higher than during the previous year's period. RLI Corp is forecasted to see its earnings-per-share grow nicely this year, to around $3.40, representing growth of close to 20% versus last year.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.26	$1.04	$1.15	$1.03	$1.28	$1.29	$1.94	$2.35	$2.48	$2.87	***$3.40***	***$3.94***
DPS	$0.38	$0.39	$0.42	$0.44	$0.46	$0.47	$0.50	$0.52	$0.54	$0.57	***$0.64***	***$0.82***
Shares[3]	87.1	87.9	88.4	89.0	90.8	91.2	91.4	92.0	92.3	92.3	***92.0***	***90.0***

RLI Corp. has not been able to grow its profits very consistently in the past, as profits moved sideways for much of the last decade. This is, in large part, because low interest rates reduced the income RLI can generate with its insurance float at times. Since 2020, however, RLI Corp. has grown its earnings-per-share very nicely, with earnings-per-share rising by more than 100% between 2020 and 2024.

Higher interest rates allow RLI Corp. to deploy its insurance float in a more profitable way, thus a higher-rates environment is positive for the company, all else equal. Interest rates will likely remain above the low levels we saw in 2020 and before, thus RLI Corporation's profits should remain above the level from those years as well. RLI has grown its premiums at a nice pace in the recent past, and thanks to further premium growth, RLI should see its sales grow in the future, too. We believe that RLI Corporation should be able to grow its profits slightly going forward, as written premiums continue to grow, which provides some revenue growth tailwinds over the coming years. Due to the company's choppy earnings history, we do not forecast a very high long-term earnings-per-share growth rate, however, despite the recent improvements. Instead, we believe that 3% annual earnings-per-share growth is a realistic long-term estimate, factoring in the recent performance and the longer-term track record.

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[1] Estimated date

[2] Estimated date

[3] In Millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	21.1	31.1	34.3	33.7	35.0	39.8	28.9	27.9	26.9	28.6	***17.6***	***19.0***
Avg. Yld.	1.4%	1.2%	1.4%	1.3%	1.0%	1.0%	0.9%	0.8%	0.8%	0.7%	***1.1%***	***1.1%***

RLI Corporation's price to earnings multiple has been moving in a very wide range in the past. Shares were valued at a low double-digit price to earnings multiple shortly after the Great Recession, but the company's valuation exploded upwards since then. Shares declined since our last update, and shares now trade a little below our fair value estimate. We believe that shares have some upside potential from where they trade today.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	30%	38%	37%	43%	36%	36%	26%	22%	22%	20%	***19%***	***21%***

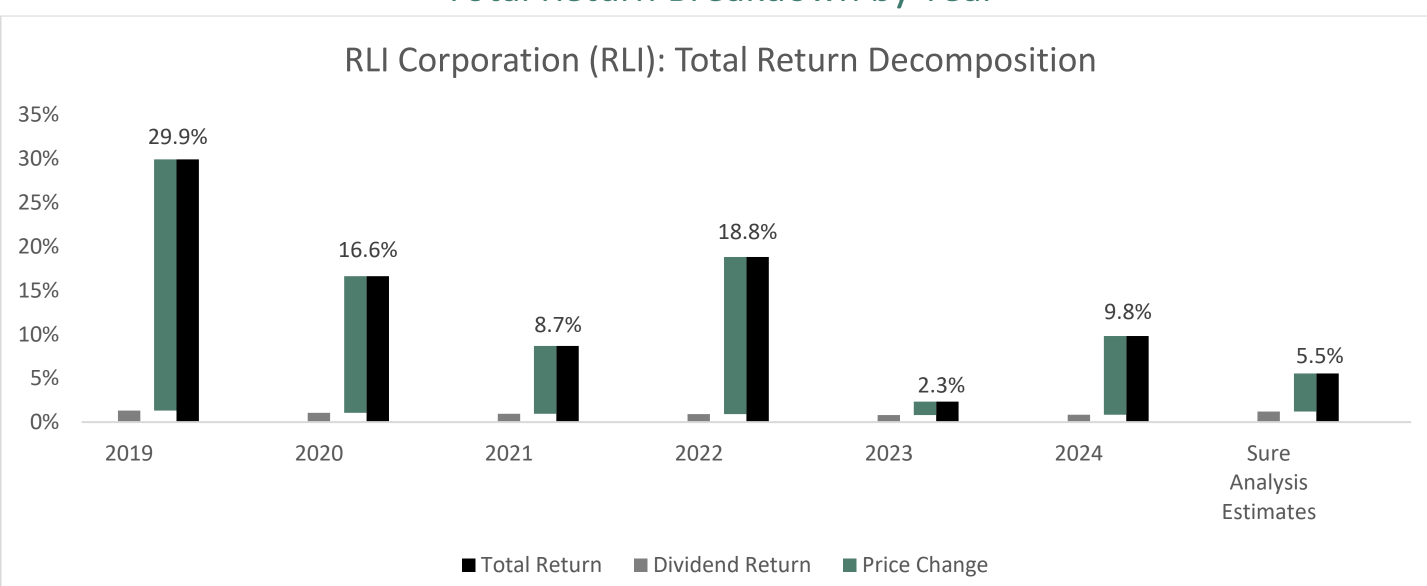
RLI Corporation has raised its regular dividend very steadily over the years, which was possible due to ongoing increases in the company's payout ratio over many years. More recently, the dividend payout ratio has come down again, however, and the dividend looks very sustainable for now. Due to RLI Corporation's low dividend yield, we do not believe that shares are very attractive for income investors.

Many financial corporations, including some insurers, experienced significant difficulty during the Great Recession. RLI remained profitable, and its earnings-per-share actually grew during the 2008-to-2010-time frame. We believe that RLI Corporation will be relatively stable during future recessions as well. Compared to other corporations from the financial industry, RLI Corporation thus looks like a stable, lower-risk pick.

Final Thoughts & Recommendation

RLI Corporation is a small insurance company which generated solid operating results in recent years, with written premiums and investment income rising at a nice pace. Earnings will likely continue to grow during the next couple of years, but not at an overly fast pace. RLI Corporation does not have an overly strong long-term track record, even though growth during recent years was good and the outlook for 2025 is appealing. We believe that shares are trading slightly below fair value today. RLI Corporation earns a hold recommendation from Sure Dividend at current prices.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	796	818	801	820	1,007	988	1,184	1,704	1,524	1,770
SG&A Exp.	10	10	11	9	13	10	13	13	16	16
D&A Exp.	5	6	7	7	8	7	7	8	9	
Net Profit	138	115	105	64	192	157	279	583	305	346
Net Margin	17.3%	14.1%	13.1%	7.8%	19.0%	15.9%	23.6%	34.2%	20.0%	19.5%
Free Cash Flow	143	158	188	211	270	257	377	245	458	
Income Tax	59	42	(20)	3	41	33	65	137	73	82

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	2,735	2,778	2,947	3,105	3,546	3,938	4,508	4,767	5,180	5,629
Cash & Equivalents	11	18	24	30	46	62	89	23	36	40
Accounts Receivable	442	415	436	518	545	618	775	930	979	986
Goodwill & Int. Ass.	71	64	59	55	54	54	54	54	54	54
Total Liabilities	1,912	1,954	2,094	2,298	2,550	2,803	3,279	3,590	3,767	4,107
Accounts Payable	38	18	22	23	26	42	43	61	72	45
Long-Term Debt	149	149	149	149	149	149	200	200	100	100
Shareholder's Equity	823	824	854	807	995	1,136	1,229	1,177	1,414	1,522
LTD/E Ratio	0.18	0.18	0.17	0.18	0.15	0.13	0.16	0.17	0.07	0.07

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	5.0%	4.2%	3.7%	2.1%	5.8%	4.2%	6.6%	12.6%	6.1%	6.4%
Return on Equity	16.5%	14.0%	12.5%	7.7%	21.3%	14.7%	23.6%	48.5%	23.5%	23.6%
ROIC	14.0%	11.8%	10.6%	6.6%	18.2%	12.9%	20.6%	41.6%	21.1%	22.1%
Shares Out.	43.5	44.0	44.2	44.5	45.4	45.6	45.7	46.0	45.6	45.6
Revenue/Share	9.02	9.20	9.00	9.15	11.12	10.88	12.95	18.60	16.54	19.15
FCF/Share	1.62	1.78	2.12	2.35	2.98	2.84	4.12	2.67	4.97	

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.