§ 4526. Investments of fraternal benefit societies. (a) For purposes of investments made pursuant to the provisions of section one thousand four hundred four of this chapter, the term "institution" shall only include a corporation, a joint-stock association, and a business trust and the term "obligations" shall only include bonds, debentures, notes, or other evidences of indebtedness. Notwithstanding the provisions set forth in items (ii) and (iv) of subparagraph (A) of paragraph two of subsection (a) of such section, a society is authorized to invest, in an amount not to exceed thirty-three percent of its admitted assets as shown by its last statement on file with the superintendent, in obligations of American institutions which:

(1) are rated BBB or higher (or the equivalent thereto) by a securities rating agency recognized by the superintendent, or if not so rated, are similar in structure and in all material respects to other obligations of the same institution which are so rated, or

(2) have been given at least the second highest quality designation by the Securities Valuation Office of the National Association of Insurance Commissioners.

(b) Investments in loans secured by real property and investments in real property made pursuant to the provisions of paragraphs four and five of subsection (a) of such section shall be permitted only to the extent that such investments are acquired or held directly by such society.

(c) Foreign investments made pursuant to the provisions of paragraph six of such subsection shall only consist of the following:

(1) Investments in Canada which are substantially of the same kinds, classes and investment grades as those eligible for investment under other provisions of such subsection. The aggregate amount of such investments held at any time shall not exceed the greater of ten percent of the society's admitted assets as shown by its last statement on file with the superintendent or the amount, if any, permitted pursuant to paragraph two hereof.

(2) Investments in a foreign country or in a possession of the United States if the society is authorized to do business therein, or if the society has outstanding insurance, annuity or reinsurance contracts on lives or risks resident or located therein; provided such investments are substantially of the same kinds, classes and investment grades as

those eligible for investment under other provisions of such subsection. The aggregate amount of such investments and of cash in the currency of such country or possession at any time held shall not, except as permitted by paragraph one hereof, exceed the amount which such society is required by law to invest in such country or possession or one and one-half times the amount of its reserves and other obligations under such contracts, whichever is greater.

(3) Investments in any foreign country, in addition to investments permitted under paragraphs one and two hereof, which are substantially of the same kinds, classes and investment grades, and in the same proportions, as those eligible for investment under other provisions of such subsection and subsection (a) of this section. The aggregate amount of such investments made pursuant to this paragraph shall not exceed four percent of the society's admitted assets as shown by its last statement on file with the superintendent and provided that a society shall not make any investment in any foreign country pursuant to this paragraph, if such investment, together with all other investments in the same foreign country so made and then held by such insurer, would exceed one percent of the society's admitted assets as shown by its last statement on file with the superintendent.

(d) Investments in equity interests made pursuant to paragraph eight of such subsection shall be limited to investments in common shares and shall not include investments in partnership interests or other equity interests.