§ 107. Claims against political subdivisions; contractor's undertaking. A contractor under a contract heretofore or hereafter made or awarded by any political subdivision, or by any officer, board or agency thereof, or of any district therein, in case any claim or notice of claim for injury or damage to person or property arising out of or in connection with the performance of such contract, be made against or filed with such municipality or district therein, may file with the fiscal officer of such political subdivision or district therein an undertaking as prescribed in this section, and thereupon such fiscal officer shall be authorized to make payments to such contractor pursuant to the terms of such contract. Such undertaking shall be executed with such sureties, in such form and for such amount as the fiscal officer of such political subdivision or district therein may prescribe, and shall be conditioned for the payment by such contractor of any judgment which may be recovered in an action brought upon such claim.