§ 7604. Public motor vehicle liability security fund. (a) The purpose of the public motor vehicle liability security fund is to secure the benefits contemplated by section three hundred seventy of the vehicle and traffic law in those cases where a policy of insurance or corporate surety bond, therein described, of a solvent and responsible insurer is accepted by the commissioner of motor vehicles as a compliance with such section. The fund shall be used to pay allowed claims of injured parties and policyholders under insurance policies or surety bonds, remaining unpaid, in whole or in part, by reason of the insurer's insolvency or its inability to meet its insurance obligations (including any obligation for the return of unearned premiums) provided the insurer has made payments to the fund as required by subsection (b) hereof.

(b) (1) Contributions to this fund shall be determined on the basis of net direct written premiums on insurance policies or surety bonds issued to meet the requirements of section three hundred seventy of the vehicle and traffic law.

(2) Every insurer issuing such policies or bonds, upon filing its quarterly return pursuant to section seven thousand six hundred five of this article, shall pay into the fund three percent of its net direct written premiums as shown for the period covered by such return.