INSUR ace

Claim Investigation Report

A. About this Document

This document presents the investigation and findings regarding the claim request submitted to InsurAce.io conducted and evaluated by the InsurAce.io Advisor Board.

B. Claim Request Details

This section presents the claim request details submitted by the applicant.

Claim ID	# 76 (Polygon)
Requested Time	2023/01/11 07:50:29 GMT+8
Protocol	Uniswap V3
Loss Event Time	2023/01/10
Loss Amount	2,010.0000 MATIC
Claim Amount	2,010.0000 MATIC

Claim Description Submitted by the Applicant

Dear Sirs, while using Uniswap 3 platform to create a new Liquidity Position SOMEHOW 1.3 ETH DISAPPEARED FROM MY WALLET and i don't know why, but clearly theres a platform malfunction, i've been using uniswap for ages to swap and add liquidity, i know very well how it works and something like that never happened to me.

WHAT I DID:

I created a new Liquidity Position on Uniswap 3 by adding 1.49 ETH and 6062 VAI (0.4927 ETH value), i had to enter manually the price of the token (0.00083 eth) and the liquidity range (0.0005 eth - 0.001 eth).

Right after the liquidity add, i noticed that my position became 100% VAI... i thought there was something wrong with my internet connection, so i closed the position to see if that was the case and did withdraw all my funds, and to my surprise my internet connection was working fine.. but i got back MERELY 8428 VAI (0.69 ETH VALUE VS MY INITIAL DEPOSIT VALUE OF 1.98 ETH!!!).

transactions:

Liquidity ADD
https://etherscan.io/tx/0xb4f3d3719ea94e42becc378bd257e561f7ee8eb42491d6a999bff5b7b906a3d4

Liquidity REMOVAL
https://etherscan.io/tx/0xfa581a7541b882873a1c6d89a5470a5110c691013f9242b7959035da437e98dd

I'm claiming 2010 matic which currently equals to the amount of VAI+ETH i lost on the uniswap malfunction (1.29 eth)

C. Cover Details

This section presents the policy details purchased by the applicant.

Risk Type	Smart Contract Vulnerability
Protocol	Uniswap V3
Cover Period	2023/01/01 - 2023/01/31
Cover Amount	43,121.0000 MATIC
Cover T&C	[Smart Contract Vulnerability Cover Wording](#)

D. Investigation and Findings

This section presents the investigation and root cause analysis conducted by the Advisory Board.

Incident Description and Root Cause Analysis

- On Jan-10-2023 10:28:59 PM +UTC, cover owner created a new liquidity pool of ETH-VAI on Uniswap V3 (0x2b40201999d7bb40def18ede799966771cccfc3b).

- Based on the txid: https://etherscan.io/tx/0xb4f3d3719ea94e42becc378bd257e561f7ee8eb42491d6a999bff5b7b906a3d4. He added **1.497 ETH** and **6,062.027 VAI** with current price of VAI set to around **0.00082 ETH** and the price range to **0.0005 ETH** to **0.01 ETH**.

- However, the market price of VAI on Uniswap V2 VAI pool was actually **0.000082 ETH** at that time, not **0.00082 ETH**.

- On Jan-10-2023 10:28:59 PM +UTC, immediately after the cover owner added the liquidity in V3 VAI pool. Another wallet used a MEV bot to buy VAI at an average price of **0.000082 ETH** per VAI on V2 VAI pool and then swap out all 1.497 ETH from the V3 VAI pool with only **2,366.44 VAI** token at an average price of **0.000632 ETH** per VAI.

Transaction Hash:	0x8e390232804a6bbbaebe1a5ebe944525c0c3e0067946e516690439173369094b
Status:	✓ Success
Block:	✓ 16379399 44527 Block Confirmations
Timestamp:	⏱ 6 days 5 hrs ago (Jan-10-2023 10:28:59 PM +UTC)
Transaction Action:	› Swap 0.192350368363769691 Ether For 2,366.440323685826474624 ○ VAI On 🦄 Uniswap V2 › Swap 2,366.440323685826474624 ○ VAI For 1.497069557624369865 Ether On 🦄 Uniswap V3
Sponsored:	LBANK ▮▮▮▮▮
From:	0x678111a6ca5749f1744b5e080a855cec8d631e20
Interacted With (To):	🔍 Contract 0x507888e987257a8dde6f8afa46375cefe2cbf504 (MEV Bot: 0x507...504) ✓ └ TRANSFER 2.514288028774820856 Ether From Wrapped Ether To → MEV Bot: 0x507..... └ TRANSFER 1.255878760009808148 Ether From MEV Bot: 0x507... To → Flashbots: Builder
ERC-20 Tokens Transferred: ⑧	› From Uniswap V3: VAI To MEV Bot: 0x507..... For 1.497069557624369865 ($2,340.35) ⊝ Wrapped Ethe... (WETH) › From MEV Bot: 0x507..... To Uniswap V2: VAI 7 For 0.192350368363769691 ($300.70) ⊝ Wrapped Ethe... (WETH) › From Uniswap V2: VAI 7 To Uniswap V3: VAI For 2,366.440323685826474624 ○ VAIOT Token (VAI)

- Cover owner's liquidity position thus become 100% of VAI token with a total of around **2366.44+6062.027 = 8428.47 VAI**

- There was no loss of token in the two transactions above. The Uniswap V3 contracts worked as expected with no malfunction.

- Cover owner's loss was mainly due to he mistakenly set the wrong price of VAI (10 times the market price) and the price range for his liquidity position when creating the new liquidity pool. This enabled another person to swap VAI to ETH at an extremely high price which then resulted in him receiving far less VAI tokens.

Actual Loss Amount
NA

Actual Loss Event Time
NA

Others

E. Conclusion
This section presents the reference conclusion on claim acceptance as proposed by the Advisory Board.

Claim Advice	Reject
Remarks	

- There was no malfunction of the Uniswap V3 contracts. All contracts worked as

expected.

- Cover owner's loss was mainly due to he mistakenly set the wrong price of VAI (10 times the market price) and the price range for his liquidity position when creating the new liquidity pool. This enabled another person to swap VAI to ETH at an extremely high price which then resulted in him receiving far less VAI tokens.