

Reporter: InsurAce.io Date: 2023/01/18

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/0xfa581a7541b882873a1c6d89a5470a5110c691013f9242b7 959035da437e98dd

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

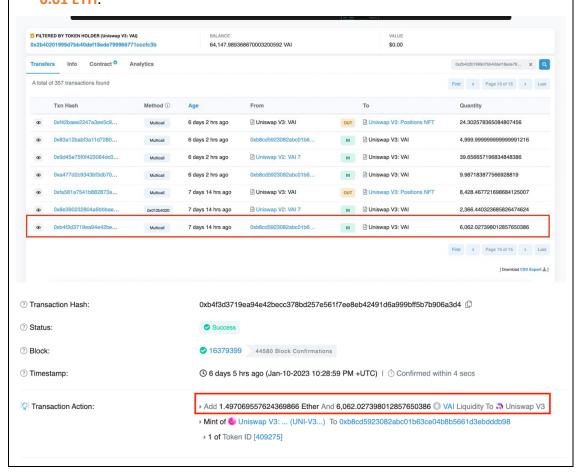
C. Cover Details This section presents the policy details purchased by the applicant.		
Risk Type	Smart Contract Vulnerability	
Protocol	Uniswap V3	
Cover Period	2023/01/01 - 2023/01/31	
Cover Amount	43,121.0000 MATIC	
Cover T&C	Smart Contract Vulnerability Cover Wording	

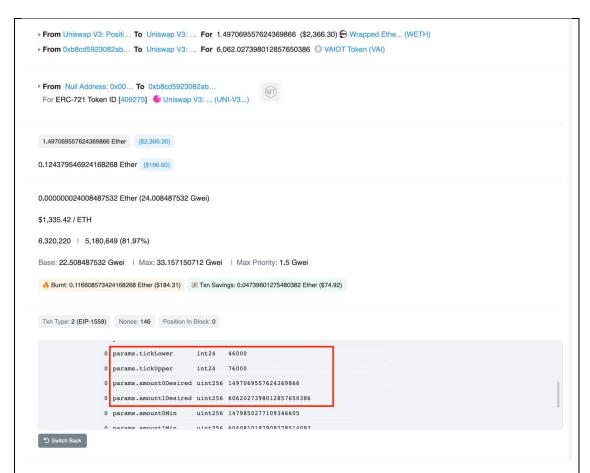
D. Investigation and Findings

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

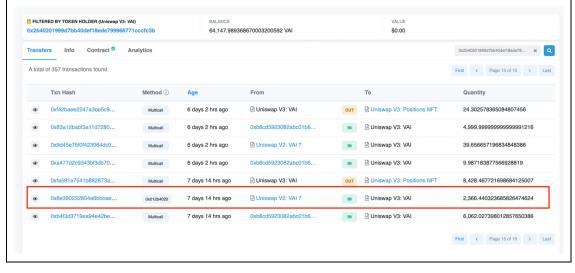
Incident Description and Root Cause Analysis

- 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/0xb4f3d3719ea94e42becc378bd257e561f7ee8eb42491
 d6a999bff5b7b906a3d4. 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.



③ Transaction Hash:	0x8e390232804a6bbbaebe1a5ebe944525c0c3e0067946e516690439173369094b $\ \Box$
③ Status:	Success
③ Block:	● 16379399 44527 Block Confirmations
③ Timestamp:	① 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 為 Uniswap V2 > Swap 2,366.440323685826474624 ◎ VAI For 1.497069557624369865 Ether On 為 Uniswap V3
③ Sponsored:	LBANK BOOK BOOK BOOK BOOK BOOK BOOK BOOK BO
③ From:	0x678111a6ca5749f1744b5e080a855cec8d631e20 🗓
① Interacted With (To):	Q. Contract 0x507888e987257a8dde6f8afa46375cefe2cbf504 (MEV Bot: 0x507504)
⊙ ERC-20 Tokens Transferred: ③	> From Uniswap V3: VAI To MEV Bot: 0x507 For 1.497069557624369865 (\$2,340.35)

- 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.