

INSURED MUNICIPAL INCOME FUND INC  
Form N-Q  
August 18, 2006

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number: 811-07528

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Insured Municipal Income Fund Inc.

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(Exact name of registrant as specified in charter)

51 West 52<sup>nd</sup> Street, New York, New York 10019-6114

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(Address of principal executive offices) (Zip code)

Mark F. Kemper, Esq.  
UBS Global Asset Management  
51 West 52<sup>nd</sup> Street  
New York, NY 10019-6114  
(Name and address of agent for service)

Copy to:  
Jack W. Murphy, Esq.  
Dechert LLP  
1775 I Street, N.W.  
Washington, DC 20006-2401

Registrant's telephone number, including area code: 212-882 5000

Date of fiscal year end: March 31

Date of reporting period: June 30, 2006

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**Item 1. Schedule of Investments****Insured Municipal Income Fund Inc.**

SCHEDULE OF INVESTMENTS June 30, 2006 (unaudited)

| Principal Amount (000) (\$)              |  | Moody's Rating | S&P Rating | Maturity Dates | Interest Rates (%) | Value (\$) |
|--|--|----------------|------------|----------------|--------------------|------------|
| <b>Long-Term Municipal Bonds 163.50%</b> |  |                |            |                |                    |            |
| <b>California 46.93%</b>                 |  |                |            |                |                    |            |
| 3,000                                    | California State Department of Water Resources Revenue-Central Valley Project-Series AC (MBIA Insured)                         | Aaa            | AAA        | 12/01/27       | 5.000              | 3,072,360  |
| 30                                       | California State General Obligation (FGIC Insured)   | Aaa            | AAA        | 11/01/12       | 7.000              | 30,297     |
| 3,305                                    | Chino Valley Unified School District-Series A (FSA Insured)  | Aaa            | AAA        | 08/01/26       | 5.000              | 3,382,039  |
| 4,400                                    | Inglewood Unified School District-1998 Election-Series C (FSA Insured)   | Aaa            | AAA        | 10/01/28       | 5.000              | 4,488,132  |
| 2,000                                    | Long Beach Finance Authority Lease Revenue-Aquarium of the South Pacific (AMBAC Insured)                                       | Aaa            | AAA        | 11/01/15       | 5.500              | 2,144,040  |
| 5,000                                    | Long Beach Harbor Revenue Refunding-Series A (FGIC Insured)  | Aaa            | AAA        | 05/15/13       | 6.000              | 5,509,750  |
| 5,000                                    | Los Angeles Community College District Refunding-Election 2001-Series A (FSA Insured)  | Aaa            | AAA        | 08/01/25       | 5.000              | 5,150,700  |
| 9,000                                    | Los Angeles Community College District Refunding-Election 2001-Series A (FSA Insured)  | Aaa            | AAA        | 06/01/26       | 5.000              | 9,257,760  |
| 6,000                                    | Los Angeles County Sanitation Districts Financing Authority Revenue-Capital Projects-District No.14-Subseries B (FGIC Insured) | NR             | AAA        | 10/01/28       | 5.000              | 6,146,940  |
| 8,475                                    | Los Angeles County Sanitation Districts Financing Authority Revenue-Capital Projects-Series A (FSA Insured)                    | Aaa            | AAA        | 10/01/20       | 5.000              | 8,765,947  |
| 3,000                                    | Los Angeles Unified School District-Series A (FSA Insured)   | Aaa            | AAA        | 07/01/20       | 5.250              | 3,171,030  |
| 11,625                                   | Los Angeles Wastewater System Revenue Refunding-Subseries A (MBIA Insured)   | Aaa            | AAA        | 06/01/26       | 5.000              | 11,890,515 |
| 5,000                                    | Los Angeles Water & Power Revenue-Power System-Series A-Subseries A-2 (MBIA-IBC Insured)                                       | Aaa            | AAA        | 07/01/30       | 5.000              | 5,091,600  |
| 6,000                                    | Los Angeles Water & Power Revenue-Power System-Series B (FSA Insured)  | Aaa            | AAA        | 07/01/25       | 5.000              | 6,149,520  |
| 4,260                                    | Metropolitan Water District Waterworks Revenue-Series B-3 (MBIA Insured)   | Aaa            | AAA        | 10/01/17       | 5.000              | 4,474,108  |
| 5,000                                    | Metropolitan Water District Waterworks Revenue-Series B-3 (MBIA Insured)   | Aaa            | AAA        | 10/01/29       | 5.000              | 5,111,550  |
| 7,160                                    | Oxnard Financing Authority Wastewater Revenue-Redwood Trunk Sewer & Headworks-Series A (FGIC Insured)                          | Aaa            | AAA        | 06/01/34       | 5.250              | 7,463,799  |
| 10,000                                   | Sacramento County Sanitation District Financing Authority Revenue Refunding (AMBAC Insured)                                    | Aaa            | AAA        | 12/01/27       | 5.000              | 10,156,300 |
| 7,000                                    | Sacramento Municipal Utility District Electric Revenue-Municipal Utility District-Series R (MBIA Insured)                      | Aaa            | AAA        | 08/15/19       | 5.000              | 7,254,170  |
| 5,000                                    | Sacramento Municipal Utility District Electric Revenue-Municipal Utility District-Series R (MBIA Insured)                      | Aaa            | AAA        | 08/15/33       | 5.000              | 5,092,700  |

Insured Municipal Income Fund Inc.  
SCHEDULE OF INVESTMENTS June 30, 2006 (unaudited)

| Principal Amount (000) (\$)                  |  | Moody's Rating | S&P Rating | Maturity Dates | Interest Rates (%) | Value (\$)  |
|--|--|----------------|------------|----------------|--------------------|-------------|
| <b>Long-Term Municipal Bonds (continued)</b> |  |                |            |                |                    |             |
| <b>California (concluded)</b>                |  |                |            |                |                    |             |
| 4,000  | San Francisco City & County Airports Commission International Airport Revenue Refunding-Second Series 27B (FGIC Insured) | Aaa            | AAA        | 05/01/15       | 5.250              | 4,202,040   |
| 7,910  | San Jose Libraries, Parks & Public Safety Project (MBIA Insured)   | Aaa            | AAA        | 09/01/27       | 5.000              | 8,096,043   |
| 9,000  | San Jose Unified School District Santa Clara County-Election 2002-Series B (FGIC Insured)                                | Aaa            | AAA        | 08/01/29       | 5.000              | 9,217,530   |
| 3,825  | Walnut Energy Center Authority Revenue-Series A (AMBAC Insured)  | Aaa            | AAA        | 01/01/34       | 5.000              | 3,872,736   |
|  |  |                |            |                |                    | 139,191,606 |
| <b>District of Columbia 2.09%</b>            |  |                |            |                |                    |             |
| 4,000  | District of Columbia Hospital Revenue Refunding-Medlantic Healthcare-Series A (Escrowed to Maturity) (MBIA Insured)      | Aaa            | AAA        | 08/15/14       | 5.750              | 4,088,280   |
| 2,000  | Metropolitan Washington, D.C. Airport Authority Airport System Revenue-Series A (MBIA Insured)                           | Aaa            | AAA        | 10/01/16       | 5.250              | 2,114,220   |
|  |  |                |            |                |                    | 6,202,500   |
| <b>Florida 12.47%</b>                        |  |                |            |                |                    |             |
| 8,000  | Florida State Board of Education-Capital Outlay-Series E (FGIC Insured)  | Aaa            | AAA        | 06/01/24       | 5.000              | 8,180,880   |
| 10,220                                       | Florida State Board of Education-Public Education-Series A (FSA Insured)   | Aaa            | AAA        | 06/01/27       | 5.000              | 10,423,174  |
| 1,060  | Hillsborough County Port District Revenue-Tampa Port Authority Project-Series A (MBIA Insured)                           | Aaa            | AAA        | 06/01/16       | 5.750              | 1,138,005   |
| 1,115  | Hillsborough County Port District Revenue-Tampa Port Authority Project-Series A (MBIA Insured)                           | Aaa            | AAA        | 06/01/17       | 5.750              | 1,197,053   |
| 1,175  | Hillsborough County Port District Revenue-Tampa Port Authority Project-Series A (MBIA Insured)                           | Aaa            | AAA        | 06/01/18       | 5.750              | 1,261,468   |
| 1,240  | Hillsborough County Port District Revenue-Tampa Port Authority Project-Series A (MBIA Insured)                           | Aaa            | AAA        | 06/01/19       | 5.750              | 1,331,252   |
| 10,000                                       | Miami-Dade County Aviation Revenue Refunding-Miami International Airport-Series B (XLCA Insured)                         | Aaa            | AAA        | 10/01/18       | 5.000              | 10,290,400  |
| 3,000  | Miami-Dade County Expressway Authority Toll System Revenue-Series B (FGIC Insured)                                       | Aaa            | AAA        | 07/01/26       | 5.250              | 3,160,440   |
|  |  |                |            |                |                    | 36,982,672  |
| <b>Georgia 7.63%</b>                         |  |                |            |                |                    |             |
| 11,545                                       | Atlanta Airport Revenue Refunding-Series D (FGIC Insured)  | Aaa            | AAA        | 01/01/15       | 5.250              | 12,091,194  |
| 1,015  | Columbus Building Authority Lease Revenue-Series A (FGIC Insured)  | Aaa            | AAA        | 01/01/16       | 5.250              | 1,083,807   |
| 15   | Georgia Municipal Electric Authority Power Revenue-Series Y (Escrowed to Maturity) (MBIA-IBC Insured)                    | Aaa            | AAA        | 01/01/10       | 10.000             | 17,904      |



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| Principal Amount (000) (\$)                  |  | Moody s Rating | S&P Rating | Maturity Dates | Interest Rates (%) | Value (\$) |
|--|--|----------------|------------|----------------|--------------------|------------|
| <b>Long-Term Municipal Bonds (continued)</b> |  |                |            |                |                    |            |
| <b>Georgia (concluded)</b>                   |  |                |            |                |                    |            |
| 4,515  | Georgia Municipal Electric Authority Power Revenue-Unrefunded Balance-Series Y (FSA-CR Insured)  | Aaa            | AAA        | 01/01/10       | 10.000             | 5,380,886  |
| 3,410  | Georgia Municipal Electric Authority Power Revenue-Unrefunded Balance-Series Y (MBIA-IBC Insured)  | Aaa            | AAA        | 01/01/10       | 10.000             | 4,063,970  |
|  |  |                |            |                |                    | 22,637,761 |
| <b>Illinois 4.16%</b>                        |  |                |            |                |                    |            |
| 1,500  | Chicago General Obligation-Series A (FSA Insured)  | Aaa            | AAA        | 01/01/25       | 5.000              | 1,531,980  |
| 2,000  | Chicago General Obligation-Series A (FSA Insured)  | Aaa            | AAA        | 01/01/26       | 5.000              | 2,040,100  |
| 740  | Chicago General Obligation-Series A (Pre-refunded with US Government Securities to 01/01/11 @ 101) (MBIA Insured)  | Aaa            | AAA        | 01/01/14       | 5.500              | 793,095    |
| 260  | Chicago General Obligation-Unrefunded Balance-Series A (MBIA Insured)  | Aaa            | AAA        | 01/01/14       | 5.500              | 277,103    |
| 4,500  | Illinois Health Facilities Authority Revenue-Franciscan Sisters Health Care-Series C (Escrowed to Maturity) (MBIA Insured)                               | Aaa            | AAA        | 09/01/18       | 5.750              | 4,995,900  |
| 2,395  | Metropolitan Pier & Exposition Authority Dedicated State Tax-Series A-2002 (Pre-refunded with US Government Securities to 06/15/19 @ 100) (FGIC Insured) | Aaa            | AAA        | 12/15/23       | 5.500              | 2,704,218  |
|  |  |                |            |                |                    | 12,342,396 |
| <b>Indiana 2.08%</b>                         |  |                |            |                |                    |            |
| 1,000  | Indiana University Revenues-Student Fee-Series O (FGIC Insured)  | Aaa            | AAA        | 08/01/18       | 5.250              | 1,054,010  |
| 5,000  | Indianapolis Airport Authority Revenue Refunding-Special Facilities-Fed Ex Corp. Project (Federal Express Co. Insured)                                   | Baa2           | BBB        | 01/15/17       | 5.100              | 5,101,250  |
|  |  |                |            |                |                    | 6,155,260  |
| <b>Maine 1.63%</b>                           |  |                |            |                |                    |            |
| 4,785  | Maine Health & Higher Educational Facilities Authority Revenue-Series A (Escrowed to Maturity) (FSA Insured)   | NR             | AAA        | 07/01/23       | 5.500              | 4,823,471  |
| <b>Massachusetts 1.73%</b>                   |  |                |            |                |                    |            |
| 5,000  | Massachusetts Health & Educational Facilities Authority Revenue-Harvard University-Series B  | Aaa            | AAA        | 07/15/32       | 5.000              | 5,139,050  |
| <b>Michigan 1.89%</b>                        |  |                |            |                |                    |            |
| 5,525  | Michigan State Hospital Finance Authority Revenue Refunding-Trinity Health Credit-Series D   | Aa3            | AA-        | 08/15/25       | 5.000              | 5,605,555  |
| <b>Missouri 1.70%</b>                        |  |                |            |                |                    |            |
| 1,740  | St. Louis Airport Revenue-Capital Improvement Program-Series A (MBIA Insured)  | Aaa            | AAA        | 07/01/15       | 5.375              | 1,839,458  |



Insured Municipal Income Fund Inc.  
SCHEDULE OF INVESTMENTS June 30, 2006 (unaudited)

| Principal Amount<br>(000)<br>(\$)            |   | Moody's<br>Rating | S&P<br>Rating | Maturity<br>Dates | Interest<br>Rates<br>(%) | Value (\$) |
|--|---|-------------------|---------------|-------------------|--------------------------|------------|
| <b>Long-Term Municipal Bonds (continued)</b> |   |                   |               |                   |                          |            |
| <b>Missouri (concluded)</b>                  |   |                   |               |                   |                          |            |
| 2,035  | St. Louis Airport Revenue-Capital Improvement Program-Series A (MBIA Insured)   | Aaa               | AAA           | 07/01/16          | 5.375                    | 2,149,103  |
| 1,000  | St. Louis Airport Revenue-Capital Improvement Program-Series A (MBIA Insured)   | Aaa               | AAA           | 07/01/18          | 5.375                    | 1,056,890  |
|  |   |                   |               |                   |                          | 5,045,451  |
| <b>Nevada 3.90%</b>                          |   |                   |               |                   |                          |            |
| 4,000  | Washoe County Gas & Water Facilities Revenue Refunding-Sierra Pacific Power Co. Project-Series B (MBIA Insured)                           | Aaa               | AAA           | 06/01/23          | 5.900                    | 4,053,680  |
| 7,500  | Washoe County Water Facilities Revenue Refunding-Sierra Pacific Power Co. Project-Series A (MBIA Insured)                                 | Aaa               | AAA           | 06/01/23          | 5.900                    | 7,511,850  |
|  |   |                   |               |                   |                          | 11,565,530 |
| <b>New Jersey 8.27%</b>                      |   |                   |               |                   |                          |            |
| 3,150  | New Jersey Economic Development Authority Revenue-Cigarette Tax (FGIC Insured)  | Aaa               | AAA           | 06/15/09          | 5.000                    | 3,236,121  |
| 20,000                                       | New Jersey Transportation Trust Fund Authority-Transportation System-Series A   | A1                | AA-           | 12/15/20          | 5.250                    | 21,274,200 |
|  |   |                   |               |                   |                          | 24,510,321 |
| <b>New Mexico 2.89%</b>                      |   |                   |               |                   |                          |            |
| 4,130  | University of New Mexico Revenues-Hospital Mortgage (FSA-FHA Insured)   | Aaa               | AAA           | 01/01/23          | 5.000                    | 4,236,761  |
| 4,230  | University of New Mexico Revenues-Hospital Mortgage (FSA-FHA Insured)   | Aaa               | AAA           | 07/01/23          | 5.000                    | 4,339,345  |
|  |   |                   |               |                   |                          | 8,576,106  |
| <b>New York 23.89%</b>                       |   |                   |               |                   |                          |            |
| 3,000  | New York State Dormitory Authority Revenues-Memorial Sloan Kettering Center-Series 1 (MBIA Insured)                                       | Aaa               | AAA           | 07/01/16          | 5.000                    | 3,120,300  |
| 640  | Long Island Power Authority Electric System Revenue-Series A (Pre-refunded with US Government Securities to 06/01/08 @ 101) (FSA Insured) | Aaa               | AAA           | 12/01/22          | 5.125                    | 661,850    |
| 1,360  | Long Island Power Authority Electric System Revenue-Series A-Unrefunded Balance (FSA Insured)   | Aaa               | AAA           | 12/01/22          | 5.125                    | 1,397,754  |
| 5,650  | Metropolitan Transportation Authority Dedicated Tax Fund-Series A (FSA Insured)   | Aaa               | AAA           | 11/15/24          | 5.250                    | 5,957,812  |
| 4,000  | Metropolitan Transportation Authority Revenue-Series A (FGIC Insured)   | Aaa               | AAA           | 11/15/17          | 5.000                    | 4,176,320  |
| 5,000  | New York City General Obligation-Series G (AMBAC Insured)   | Aaa               | AAA           | 08/01/17          | 5.000                    | 5,241,950  |
| 6,000  | New York City General Obligation-Series O   | A1                | A+            | 06/01/24          | 5.000                    | 6,081,660  |
| 5,000  | New York City General Obligation-Series J-Subseries J-1   | A1                | AA-           | 06/01/27          | 5.000                    | 5,058,300  |
| 4,615  | New York City General Obligation-Subseries F-1  | A1                | AA-           | 09/01/25          | 5.000                    | 4,682,517  |

**Insured Municipal Income Fund Inc.**  
**SCHEDULE OF INVESTMENTS June 30, 2006 (unaudited)**

| <b>Principal Amount (000) (\$)</b>           |   | <b>Moody s Rating</b> | <b>S&amp;P Rating</b> | <b>Maturity Dates</b> | <b>Interest Rates (%)</b> | <b>Value (\$)</b> |
|--|---|-----------------------|-----------------------|-----------------------|---------------------------|-------------------|
| <b>Long-Term Municipal Bonds (continued)</b> |   |                       |                       |                       |                           |                   |
| <b>New York (concluded)</b>                  |   |                       |                       |                       |                           |                   |
| 1,710  | New York City Industrial Development Agency Special Facilities Revenue-Terminal One Group Association Project             | A3                    | BBB+                  | 01/01/07              | 5.000                     | 1,717,404         |
| 5,000  | New York City Industrial Development Agency Special Facilities Revenue-Terminal One Group Association Project             | A3                    | BBB+                  | 01/01/15              | 5.500                     | 5,277,700         |
| 6,685  | New York City Industrial Development Agency Special Facilities Revenue-Terminal One Group Association Project             | A3                    | BBB+                  | 01/01/16              | 5.500                     | 7,070,123         |
| 2,750  | New York City Industrial Development Agency Special Facilities Revenue-Terminal One Group Association Project             | A3                    | BBB+                  | 01/01/18              | 5.500                     | 2,882,687         |
| 7,000  | New York City Municipal Water Finance Authority Water & Sewer System Revenue-Series C (MBIA Insured)                      | Aaa                   | AAA                   | 06/15/26              | 5.000                     | 7,193,200         |
| 10,080                                       | New York City Municipal Water Finance Authority Water & Sewer System Revenue-Series C (MBIA Insured)                      | Aaa                   | AAA                   | 06/15/27              | 5.000                     | 10,343,290        |
|  |   |                       |                       |                       |                           | 70,862,867        |
| <b>North Carolina 2.13%</b>                  |   |                       |                       |                       |                           |                   |
| 3,505  | Charlotte Certificates of Participation Refunding-Convention Facilities Project-Series A (MBIA Insured)                   | Aaa                   | AAA                   | 08/01/12              | 5.000                     | 3,666,545         |
| 2,500  | North Carolina Eastern Municipal Power Agency Power System Revenue Refunding-Series A                                     | Baa2                  | BBB                   | 01/01/12              | 5.500                     | 2,650,650         |
|  |   |                       |                       |                       |                           | 6,317,195         |
| <b>Ohio 1.76%</b>                            |   |                       |                       |                       |                           |                   |
| 5,000  | Cleveland Airport System Revenue-Series A (FSA Insured)   | Aaa                   | AAA                   | 01/01/14              | 5.250                     | 5,217,500         |
| <b>Pennsylvania 5.34%</b>                    |   |                       |                       |                       |                           |                   |
| 15,390                                       | Allegheny County Sanitation Authority Sewer Revenue Refunding-Series A (MBIA Insured)                                     | Aaa                   | AAA                   | 12/01/23              | 5.000                     | 15,843,851        |
| <b>South Carolina 10.99%</b>                 |   |                       |                       |                       |                           |                   |
| 2,500  | Medical University of South Carolina Hospital Authority Hospital Facilities Revenue Refunding-Series A (MBIA-FHA Insured) | Aaa                   | AAA                   | 02/15/25              | 5.250                     | 2,605,550         |
| 1,000  | Myrtle Beach Water & Sewer Revenue System Refunding (FGIC Insured)  | Aaa                   | AAA                   | 03/01/15              | 5.375                     | 1,068,990         |
| 20,000                                       | South Carolina Public Service Authority Revenue-Santee Cooper-Series A (MBIA Insured)                                     | Aaa                   | AAA                   | 01/01/25              | 5.000                     | 20,625,800        |
| 8,180  | South Carolina Transportation Infrastructure Bank Revenue-Series A  | Aaa                   | NR                    | 10/01/33              | 5.000                     | 8,293,293         |
|  |   |                       |                       |                       |                           | 32,593,633        |





**Insured Municipal Income Fund Inc.**  
**SCHEDULE OF INVESTMENTS June 30, 2006 (unaudited)**

|  | Value (\$)    |
|--|---------------|
| Total Investments (cost \$500,209,376)(1)(2) 166.60%   | 494,087,199   |
| Other assets in excess of liabilities 4.21%            | 12,479,998    |
| Liquidation value of auction preferred shares (70.81)% | (210,000,000) |
| Net Assets applicable to common shareholders 100.00%   | 296,567,197   |

- \* Variable rate demand notes are payable on demand. The maturity dates shown are the next interest rate reset dates. The interest rates shown are the current rates as of June 30, 2006.
- # Interest rate shown reflects yield to maturity at purchase date for zero coupon bonds.  
 Partial amount pledged as collateral for futures transactions.  
 Security subject to Alternative Minimum Tax.  
 Floating rate security. The interest rate shown is the current rate as of June 30, 2006.
- (1) Cost of investments shown approximates cost for federal income tax purposes. Gross unrealized appreciation of investments and gross unrealized depreciation of investments at June 30, 2006 were \$1,666,676 and \$7,788,853, respectively, resulting in net unrealized depreciation of investments of \$6,122,177.
- (2) The Fund calculates its net asset value based on the current market value, where available, for its portfolio securities. The Fund normally obtains market values for its securities from independent pricing sources and broker-dealers. Independent pricing sources may use last reported sale prices, current market quotations or valuations from computerized matrix systems that derive values based on comparable securities. A matrix system incorporates parameters such as security quality, maturity and coupon, and/or research and evaluations by its staff, including review of broker-dealer market price quotations, if available, in determining the valuation of the portfolio securities. If a market value is not available from an independent pricing source for a particular security, that security is valued at fair value as determined in good faith by or under the direction of the Fund's Board of Directors (the Board). Various factors may be reviewed in order to make a good faith determination of a security's fair value. These factors may include, but are not limited to, the type and cost of the security; contractual or legal restrictions on resale of the security; relevant financial or business developments of the issuer; actively traded similar or related securities; conversion or exchange rights on the security; related corporate actions; and changes in overall market conditions. If events occur that materially affect the value of securities (particularly non-US securities) between the close of trading in those securities and the close of regular trading on the New York Stock Exchange, the securities are fair valued. The amortized cost method of valuation, which approximates market value, generally is used to value short-term debt instruments with sixty days or less remaining to maturity, unless the Board or its delegate determines that this does not represent fair value. Securities traded in the over-the-counter (OTC) market are valued at the last bid price available on the valuation date prior to valuation.

|       |   |
|-------|---|
| AMBAC | American Municipal Bond Assurance Corporation |
| CR    | Custodial Receipts                            |
| FGIC  | Financial Guaranty Insurance Company          |
| FHA   | Federal Housing Authority                     |
| FSA   | Financial Security Assurance                  |
| GTD   | Guaranteed                                    |
| IBC   | Insured Bond Certificate                      |
| MBIA  | Municipal Bond Investors Assurance            |
| NR    | Not Rated                                     |
| PSF   | Permanent School Fund                         |
| XLCA  | XL Capital Assurance                          |

**Futures Contracts**

| Number of<br>Contracts | Contracts to Deliver | In<br>Exchange For (\$) | Expiration<br>Dates | Unrealized<br>Appreciation (\$) |
|------------------------|----------------------|-------------------------|---------------------|---------------------------------|
|------------------------|----------------------|-------------------------|---------------------|---------------------------------|

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|     |                                  |            |                |         |
|-----|----------------------------------|------------|----------------|---------|
| 75  | US Treasury Bond 20 Year Futures | 8,020,031  | September 2006 | 20,812  |
| 225 | US Treasury Note 10 Year Futures | 23,683,922 | September 2006 | 90,563  |
|     |                                  |            |                | <hr/>   |
|     |                                  |            |                | 111,375 |

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For more information regarding the Fund's other significant accounting policies, please refer to the Fund's annual report to shareholders dated March 31, 2006.

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**Item 2. Controls and Procedures.**

- (a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (Investment Company Act)) are effective based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this document.
- (b) The registrant's principal executive officer and principal financial officer are aware of no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act) that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 3. Exhibits.**

- (a) Certifications of principal executive officer and principal financial officer of registrant pursuant to Rule 30a-2(a) under the Investment Company Act is attached hereto as Exhibit EX-99.CERT.
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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Insured Municipal Income Fund Inc.

By: /s/ W. Douglas Beck

W. Douglas Beck  
President

Date: August 18, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ W. Douglas Beck

W. Douglas Beck  
President

Date: August 18, 2006

By: /s/ Thomas Disbrow

Thomas Disbrow  
Vice President and Treasurer

Date: August 18, 2006