

Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

MUNIHOLDINGS FLORIDA INSURED FUND INC  
Form N-CSRS  
May 02, 2005

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

FORM N-CSRS

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT  
INVESTMENT COMPANIES

Investment Company Act file number 811-08349

Name of Fund: MuniHoldings Florida Insured Fund

Fund Address: P.O. Box 9011  
Princeton, NJ 08543-9011

Name and address of agent for service: Robert C. Doll, Jr., Chief Executive  
Officer, MuniHoldings Florida Insured Fund, 800 Scudders Mill Road,  
Plainsboro, NJ 08536. Mailing address: P.O. Box 9011, Princeton, NJ  
08543-9011

Registrant's telephone number, including area code: (609) 282-2800

Date of fiscal year end: 08/31/05

Date of reporting period: 09/01/04 - 02/28/05

Item 1 - Report to Stockholders

MuniHoldings  
Florida Insured Fund

Semi-Annual Report  
February 28, 2005

MuniHoldings Florida Insured Fund

The Benefits and Risks of Leveraging

MuniHoldings Florida Insured Fund utilizes leverage to seek to enhance the yield and net asset value of its Common Shares. However, these objectives cannot be achieved in all interest rate environments. To leverage, the Fund issues Preferred Shares, which pay dividends at prevailing short-term interest rates, and invests the proceeds in long-term municipal bonds. The interest earned on these investments, net of dividends to Preferred Shares, is paid to Common Shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share net asset value of the Fund's Common Shares. However, in order to benefit Common Shareholders, the yield curve must be positively sloped; that is, short-term interest rates must be lower than long-term interest rates. At the same time, a period of generally declining interest rates will benefit Common Shareholders. If either of these conditions change, then the risks of leveraging will begin to outweigh the benefits.

To illustrate these concepts, assume a fund's Common Share capitalization of

## Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

\$100 million and the issuance of Preferred Shares for an additional \$50 million, creating a total value of \$150 million available for investment in long-term municipal bonds. If prevailing short-term interest rates are approximately 3% and long-term interest rates are approximately 6%, the yield curve has a strongly positive slope. The fund pays dividends on the \$50 million of Preferred Shares based on the lower short-term interest rates. At the same time, the fund's total portfolio of \$150 million earns the income based on long-term interest rates. Of course, increases in short-term interest rates would reduce (and even eliminate) the dividends on the Common Shares.

In this case, the dividends paid to Preferred Shareholders are significantly lower than the income earned on the fund's long-term investments, and therefore the Common Shareholders are the beneficiaries of the incremental yield. However, if short-term interest rates rise, narrowing the differential between short-term and long-term interest rates, the incremental yield pickup on the Common Shares will be reduced or eliminated completely. At the same time, the market value of the fund's Common Shares (that is, its price as listed on the New York Stock Exchange) may, as a result, decline. Furthermore, if long-term interest rates rise, the Common Shares' net asset value will reflect the full decline in the price of the portfolio's investments, since the value of the fund's Preferred Shares does not fluctuate. In addition to the decline in net asset value, the market value of the fund's Common Shares may also decline.

As a part of its investment strategy, the Fund may invest in certain securities whose potential income return is inversely related to changes in a floating interest rate ("inverse floaters"). In general, income on inverse floaters will decrease when short-term interest rates increase and increase when short-term interest rates decrease. Investments in inverse floaters may be characterized as derivative securities and may subject the Fund to the risks of reduced or eliminated interest payments and losses of invested principal. In addition, inverse floaters have the effect of providing investment leverage and, as a result, the market value of such securities will generally be more volatile than that of fixed-rate, tax-exempt securities. To the extent the Fund invests in inverse floaters, the market value of the Fund's portfolio and the net asset value of the Fund's shares may also be more volatile than if the Fund did not invest in these securities. As of February 28, 2005, the percentage of the Fund's total net assets invested in inverse floaters was 6.17%, before the deduction of Preferred Shares.

### Swap Agreements

The Fund may also invest in swap agreements, which are over-the-counter contracts in which one party agrees to make periodic payments based on the change in market value of a specified bond, basket of bonds, or index in return for periodic payments based on a fixed or variable interest rate or the change in market value of a different bond, basket of bonds or index. Swap agreements may be used to obtain or reduce exposure to a bond or market without owning or taking physical custody of securities. Swap agreements involve the risk that the party with whom the Fund has entered into the swap will default on its obligation to pay the Fund and the risk that the Fund will not be able to meet its obligations to pay the other party to the agreement.

2

MUNIHOLDINGS FLORIDA INSURED FUND

FEBRUARY 28, 2005

A Letter From the President

Dear Shareholder

Financial markets broadly posted positive returns over the most recent reporting period, with international equities providing some of the most impressive

Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

results.

Total Returns as of February 28, 2005	6-month	12-month
U.S. equities (Standard & Poor's 500 Index)	+ 9.99%	+ 6.98%
International equities (MSCI Europe Australasia Far East Index)	+21.18	+18.68
Fixed income (Lehman Brothers Aggregate Bond Index)	+ 1.26	+ 2.43
Tax-exempt fixed income (Lehman Brothers Municipal Bond Index)	+ 2.40	+ 2.96
High yield bonds (Credit Suisse First Boston High Yield Index)	+ 7.53	+11.21

The U.S. economy has continued to show resilience in the face of the Federal Reserve Board's (the Fed) continued interest rate hikes and, more recently, higher oil prices. The Fed's measured tightening program recently brought the federal funds rate to 2.75% en route to a more "neutral" short-term interest rate target (relative to inflation). Since the U.S. presidential election, progress has been monitored on many fronts in Washington, although concerns remain about the structural problems of debt and deficits, as reflected by a significant decline in the U.S. dollar.

U.S. equities ended 2004 in a strong rally, but remained in a fairly narrow trading range for the first two months of 2005. Divergences were notable among sectors, with energy emerging as a clear leader. On the positive side, corporations have accelerated their hiring plans, capital spending remains reasonably robust and merger-and-acquisition activity has increased. Offsetting the positives are slowing corporate earnings growth, renewed energy price concerns and the potential for an economic slowdown. International equities, particularly in Asia, have benefited from higher economic growth rates (China recorded growth of 9.3% in 2004), stronger currencies and relatively reasonable valuations.

The major action in the bond market has been a flattening of the yield curve. As short-term interest rates continued to rise, yields on the long end of the curve remained relatively stable -- even declining at certain points since the Fed's monetary tightening program began in June 2004. This phenomenon has been largely attributed to continued foreign interest in U.S. bonds, which has served to absorb much of the excess supply. By period-end, many believed long-term yields were long overdue for a rise.

Looking ahead, the environment is likely to be a challenging one for investors, with diversification and selectivity becoming increasingly important themes. With this in mind, we encourage you to meet with your financial advisor to review your goals and asset allocation and to rebalance your portfolio, as necessary, to ensure it remains aligned with your objectives and risk tolerance. As always, we thank you for trusting Merrill Lynch Investment Managers with your investment assets, and we look forward to serving you in the months and years ahead.

Sincerely,

/s/ Robert C. Doll, Jr.

Robert C. Doll, Jr.

# Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

President and Trustee

MUNIHOLDINGS FLORIDA INSURED FUND

FEBRUARY 28, 2005

3

## A Discussion With Your Fund's Portfolio Manager

We continued in our efforts to preserve the Fund's net asset value while focusing on providing an above-average yield for our shareholders.

Discuss the recent market environment relative to municipal bonds.

Despite broadly positive economic conditions, long-term bond yields declined during the past six months as bond prices, which move opposite yields, generally rose. Gross domestic product (GDP) grew at a rate of 4.4% in 2004, well ahead of 2003's annual rate of 3%. The improving economic activity was largely offset by inflationary trends remaining in the 1.5% - 2% range. Also helping to boost bond prices was strong currency-related demand for long-term U.S. Treasury issues on the part of many foreign governments.

Over the past six months, long-term U.S. Treasury bond yields declined 21 basis points (.21%) to 4.72% at February 28, 2005. At the same time, the Federal Reserve Board (the Fed) continued to raise short-term interest rates, moving its federal funds target rate recently to 2.75%. The Fed's series of interest rate hikes, and the expectation for a continuation of the monetary tightening program, pressured shorter-maturity bond yields higher throughout the period. The yield on the 10-year Treasury note increased 26 basis points to 4.36% at period-end.

In the municipal bond market, the yield on A-rated revenue bonds maturing in 30 years declined 16 basis points to 4.93% at the end of February, according to the Bond Buyer Revenue Bond Index. AAA-rated issues maturing in 30 years, as reported by Municipal Market Data, declined 19 basis points to 4.51%. Conversely, shorter-maturity municipal bond yields increased. Yields on AAA-rated tax-exempt bonds maturing in 10 years increased 15 basis points to 3.65% at period-end.

Investor demand for municipal bonds was solid throughout the period and increased in the latter months. The most current statistics from the Investment Company Institute indicate that long-term municipal bond funds saw net new cash flows of \$870 million in January 2005, a sharp contrast to the \$224 million in net cash outflows in January 2004.

Describe conditions in the State of Florida.

Ratings agency Moody's recently increased the state's credit rating from AA2 to AA1, and Standard & Poor's increased its rating from AA+ to AAA. At period-end, Fitch maintained a rating of AA. The favorable ratings are based on solid economic and financial performance, in addition to moderate debt and a proactive government that responds to economic downturns faster than other states.

This past year's hurricane season had little impact on the state's finances. Florida's continued economic strength is bolstered by robust population growth, which is attributed to its attractive physical environment and favorable business climate. Although the growth in population has put a strain on services such as education, transportation and healthcare, it also has allowed the state to recover more quickly from sub par economic trends.

Currently, the state's revenues are higher than budgeted and expenditures remain under control due to prudent fiscal oversight. The fiscal year 2005 budget was brought into balance through tight expenditure controls, including outsourcing

## Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

work and requiring local governments to pick up costs historically incurred by the state. To pay for these additional expenses, municipalities imposed increases to property taxes and/or local sales taxes through voter initiatives. Given the government's concerns over the high healthcare costs facing the state -- roughly \$15 billion or 26% in the upcoming budget -- Governor Jeb Bush has proposed a partially private health insurance plan.

Florida continues to maintain sound and solid fund balances with consistent General Fund operations. In addition, the state has a working Capital Reserve Fund and a Budget Stabilization Fund in excess of \$1.8 billion. Our strategy in purchasing Florida issues has been to favor insured general obligation bonds and their equivalents rather than uninsured bonds, as there is no meaningful yield offered in exchange for the additional risk associated with uninsured bonds.

How did the Fund perform during the period in light of the existing market conditions?

For the six-month period ended February 28, 2005, the Common Shares of MuniHoldings Florida Insured Fund had net annualized yields of 6.64% and 6.68%, based on a period-end per share net asset value of \$15.39 and a per share market price of \$15.31, respectively, and \$.507 per share income dividends. Over the same period, the total investment return on the Fund's Common Shares was +3.54%, based on a change in per share net asset value from \$15.37 to \$15.39, and assuming reinvestment of all distributions.

4

MUNIHOLDINGS FLORIDA INSURED FUND

FEBRUARY 28, 2005

The Fund's total return, based on net asset value, lagged the +4.11% average return of the Lipper Florida Municipal Debt Funds category for the six-month period. (Funds in this Lipper category limit their investment to those securities exempt from taxation in the State of Florida.) Notably, the Fund's investment parameters require it to invest primarily in insured Florida bonds, whereas other funds in this category have greater ability to invest in uninsured debt obligations. This put the Fund at a disadvantage as spreads between the two continued to narrow during the period, helping uninsured bonds to outperform.

As mortgage-refinancing activity continued strong, we saw an increasing number of prepayment calls on single-family housing bonds in Florida. The Fund experienced some large prepayment calls during the period, and this had a negative impact on total return. In addition, several large-coupon bonds in the portfolio were prerefunded in prior reporting periods, as the issuers took the opportunity to refinance their debt in the low interest rate environment. This transformed several of our longer-dated bonds into intermediate-maturity bonds, a sector that has suffered as the yield curve began to flatten during the period. We continued to hold these bonds to take advantage of their high acquisition yield, as we would not be able to match that yield in the current low interest rate environment.

Importantly, the Fund continued to provide a highly competitive yield relative to other closed-end Florida insured funds. Our long-term commitment to an above-average yield continues to enhance performance.

For a description of the Fund's total investment return based on a change in the per share market value of the Fund's Common Shares (as measured by the trading price of the Fund's shares on the New York Stock Exchange), and assuming reinvestment of dividends, please refer to the Financial Highlights section of this report. As a closed-end fund, the Fund's shares may trade in the secondary market at a premium or discount to the Fund's net asset value. As a result, total investment returns based on changes in the market value of the Fund's Common Shares can vary significantly from total investment returns based on



Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

Revenue Refunding Bonds (Commercial Project), Series A, 5.6	
1,520	Brevard County, Florida, HFA, S/F Mortgage Revenue Bonds, A
70	6.80% due 3/01/2028 (Multi-County Program), 6.30% due 3/01/2020
470	Broward County, Florida, HFA, S/F Mortgage Revenue Bonds, A due 2/01/2028 (d) (g)
880	Clay County, Florida, HFA, S/F Mortgage Revenue Bonds, AMT
10	6.55% due 3/01/2028 (i) (Multi-County Program), 6.375% due 10/01/2026 (g)
1,320	Clay County, Florida, School Board, COP (Master Lease Progr due 7/01/2022 (a)
5,000	Collier County, Florida, IDA, IDR, Refunding (Southern Stat 6.50% due 10/01/2025
6,385	Dade County, Florida, HFA, S/F Mortgage Revenue Bonds, AMT, due 4/01/2028 (d) (g)
20,575	Dade County, Florida, Water and Sewer System Revenue Bonds
21,640	5.25% due 10/01/2021 5.25% due 10/01/2026
5,000	Deltona, Florida Utility System Revenue Bonds, 5.125% due 1
490	Escambia County, Florida, HFA, S/F Mortgage Revenue Refundi (Multi-County Program), AMT, Series A (a) (i): 6.30% due 10/01/2020
1,825	6.375% due 10/01/2026
20,225	Escambia County, Florida, Health Facilities Authority, Heal Bonds (Florida Health Care Facility Loan), 5.95% due 7/01/2
5,280	Escambia County, Florida, Health Facilities Authority, Reve (Ascension Health Credit), Series A-1, 5.75% due 11/15/2009
2,425	Florida HFA, Homeowner Mortgage Revenue Refunding Bonds, AM due 7/01/2014 (a)
9,965	Florida HFA, Revenue Refunding Bonds, AMT, RITR, Series 12, due 7/01/2029 (a) (f)
1,385	Florida Housing Finance Corporation, Homeowner Mortgage Rev AMT, Series 4, 6.25% due 7/01/2022 (c)
2,055	Florida Housing Finance Corporation, Housing Revenue Bonds AMT, Series C-1, 6.30% due 7/01/2030 (c)
1,285	Florida Municipal Loan Council Revenue Bonds, Series B (a): 5.375% due 11/01/2025
4,150	5.375% due 11/01/2030
12,000	Florida State Board of Education, Capital Outlay, GO, Publi Series B, 5.75% due 6/01/2005 (a) (j)
6,600	Series C, 5.75% due 6/01/2023 (h)
1,000	Series C, 5.75% due 6/01/2029 (h)
7,000	Series E, 5.625% due 6/01/2029 (c)
12,725	Florida State Board of Education, Lottery Revenue Bonds, DR

Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

11.185% due 7/01/2017 (f) (h)

Portfolio Abbreviations

To simplify the listings of MuniHoldings Florida Insured Fund's portfolio holdings in the Schedule of Investments, we have abbreviated the names of many of the securities according to the list at right.

AMT	Alternative Minimum Tax (subject to)
COP	Certificates of Participation
DRIVERS	Derivative Inverse Tax-Exempt Receipts
GO	General Obligation Bonds
HFA	Housing Finance Agency
IDA	Industrial Development Authority
IDR	Industrial Development Revenue Bonds
M/F	Multi-Family
PCR	Pollution Control Revenue Bonds
RIB	Residual Interest Bonds
RITR	Residual Interest Trust Receipts
S/F	Single-Family

6 MUNIHOLDINGS FLORIDA INSURED FUND FEBRUARY 28, 2005

Schedule of Investments (continued) (in Thousands)

	Face Amount	Municipal Bonds
=====		
Florida (continued)		
	\$ 3,750	Florida State Board of Education, Public Education, GO, Ref 5.75% due 6/01/2022 (c)
		-----
	2,200	Florida State Board of Regents, Housing Revenue Bonds (h): (University of Central Florida), 5.25% due 10/01/2026
	1,080	(University of Florida), 6% due 7/01/2018
		-----
	7,165	Florida State Board of Regents, University Systems Improvem 5.25% due 7/01/2022 (a)
		-----
	3,505	Florida State Department of General Services, Division Faci Revenue Bonds (Florida Facilities Pool), Series A, 6% due 9
		-----
	2,350	Florida State Governmental Utility Authority, Utility Reven (Citrus Utility System), 5.125% due 10/01/2033
	2,900	(Lehigh Utility System), 5.125% due 10/01/2033
		-----
	14,325	Florida State Turnpike Authority, Turnpike Revenue Bonds, D 10.934% due 7/01/2029 (f) (h)
		-----
		Florida State Turnpike Authority, Turnpike Revenue Bonds (D Transportation), Series A:
	3,590	5.50% due 7/01/2016 (a)
	2,835	5.75% due 7/01/2019
		-----



Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

7,135	Highlands County, Florida, Health Facilities Authority, Hos (Adventist Health System), Series A, 6% due 11/15/2031
4,500	Hillsborough County, Florida, IDA, PCR, Refunding (Tampa EL Project), 6.25% due 12/01/2034 (a)
33,400	Hillsborough County, Florida, School Board, COP (a): 6% due 7/01/2009 (j)
6,600	5.375% due 7/01/2026
1,300	Indian River County, Florida, Water and Sewer Revenue Refun A, 5.25% due 9/01/2018 (h)
1,800	Jacksonville, Florida, Economic Development Commission, Hea Revenue Bonds (Mayo Clinic -- Jacksonville), Series A, 5.50
2,415	Jacksonville, Florida, Electric Authority, Electric System Bonds, Series 3-A, 6% due 4/01/2005 (a) (j)
7,305	Jacksonville, Florida, Guaranteed Entitlement Revenue Refun Bonds, 5.25% due 10/01/2032 (h)
1,295	Jacksonville, Florida, Port Authority, Airport Revenue Bond 6.10% due 10/01/2018
8,385	6.25% due 10/01/2024
1,130	Jacksonville, Florida, Port Authority, Seaport Revenue Bond 5.625% due 11/01/2010 (j)
1,870	5.625% due 11/01/2026
2,000	Jacksonville, Florida, Sales Tax Revenue Bonds (b): 5.50% due 10/01/2016
3,800	5.50% due 10/01/2018
1,500	Jacksonville, Florida, Water and Sewer Revenue Bonds (Unite Project), AMT, 6.35% due 8/01/2025 (b)
9,963	Lee County, Florida, Airport Revenue Bonds (c): RIB, AMT, Series 811-X, 9.82% due 10/01/2029 (f)
1,000	Series B, 5.75% due 10/01/2033
6,865	Lee County, Florida, Capital Revenue Bonds, 5.25% due 10/01

MUNIHOLDINGS FLORIDA INSURED FUND

FEBRUARY 28, 2005

7

Schedule of Investments (continued)

(in Thousands)

Face Amount	Municipal Bonds
=====	
Florida (continued)	
-----	
\$ 175	Lee County, Florida, HFA, S/F Mortgage Revenue Bonds (Multi Series A-1, 7.20% due 3/01/2033 (d) (g)
-----	

Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

835	Lee County, Florida, HFA, S/F Mortgage Revenue Refunding Bonds, 6.30% due 3/01/2029 (d) (e) (g)
1,605	Leesburg, Florida, Capital Improvement Revenue Bonds (h): 5.25% due 10/01/2027
3,425	5.25% due 10/01/2034
1,025	Manatee County, Florida, HFA, S/F Mortgage Revenue Refunding Sub-Series 1, 6.25% due 11/01/2028 (d)
1,330	Marco Island, Florida, Utility System Revenue Bonds, 5.25%
5,990	Martin County, Florida, Utilities System Revenue Bonds, 5.1%
2,000	Miami Beach, Florida, Redevelopment Agency, Tax Increment Revenue Bonds, 5.875% due 9/01/2025 Center Tax Allocation (Historic Village), AMT, 5.875% due 10/01/2025
1,630	Miami Beach, Florida, Stormwater Revenue Bonds (h): 5.75% due 9/01/2016
1,000	5.25% due 9/01/2020
4,400	5.25% due 9/01/2025
1,910	5.375% due 9/01/2030
2,690	Miami Beach, Florida, Water and Sewer Revenue Bonds (b): 5.625% due 9/01/2018
10,600	5.75% due 9/01/2025
3,075	Miami-Dade County, Florida, Aviation Revenue Bonds: AMT, Series A, 5.125% due 10/01/2035 (c)
6,000	(Miami International Airport), AMT, Series A, 6% due 10/01/2025
10,000	(Miami International Airport), AMT, Series A, 6% due 10/01/2025
4,385	(Miami International Airport), AMT, Series A, 5% due 10/01/2025
31,700	(Miami International Airport), Series B, 5% due 10/01/2025
1,000	Miami-Dade County, Florida, Educational Facilities Authority (University of Miami), Series A (b): 5.50% due 4/01/2019
19,425	6% due 4/01/2023
5,000	5.75% due 4/01/2029
8,995	Miami-Dade County, Florida, Expressway Authority, Toll System Revenue Bonds, Series B, 5.25% due 7/01/2027 (h)
12,250	Miami-Dade County, Florida, Expressway Authority, Toll System Revenue Bonds, 5.125% due 7/01/2025 (h)
6,705	Miami-Dade County, Florida, GO (Parks Program), 6% due 11/01/2025
2,185	Miami-Dade County, Florida, HFA, M/F Mortgage Revenue Bonds (Project), AMT, Series 2A, 6% due 8/01/2026 (c)
5,100	Miami-Dade County, Florida, IDA, IDR (b): (Airis Miami II LLC Project), AMT, 6% due 10/15/2019
3,280	(BAC Funding Corporation Project), Series A, 5.25% due 10/15/2019
2,945	Miami-Dade County, Florida, Solid Waste System Revenue Bonds, 5.50% due 10/01/2015
3,105	5.50% due 10/01/2016
1,035	Nassau County, Florida, Public Improvement Revenue Refunding Bonds, 5.75% due 5/01/2016

Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

1,095	5.75% due 5/01/2017
1,155	5.75% due 5/01/2018
1,225	5.75% due 5/01/2019
5,175	Nassau County, Florida, Water and Sewer System Revenue Bonds due 9/01/2033 (a)
25	Orange County, Florida, HFA, Homeowner Revenue Refunding Bonds 6.20% due 9/01/2029 (d) (g)
2,375	Orange County, Florida, HFA, M/F Housing Revenue Bonds, Series A due 1/01/2031 (a)

8

MUNIHOLDINGS FLORIDA INSURED FUND

FEBRUARY 28, 2005

Schedule of Investments (continued)

(in Thousands)

Face Amount	Municipal Bonds
Florida (continued)	
\$ 1,975	Orange County, Florida, HFA, S/F Mortgage Revenue Bonds, Series A due 10/01/2027 (d) (g)
2,900	Orange County, Florida, Health Facilities Authority, Hospital (Adventist Health System), 6.25% due 11/15/2024
9,220	(Orlando Regional Healthcare), 6% due 12/01/2029
5,000	(Orlando Regional Healthcare), Series A, 6.25% due 10/01/2027
1,300	Orange County, Florida, School Board, COP, 5.50% due 8/01/2027
5,710	Orange County, Florida, Tourist Development Tax Revenue Bonds 5.375% due 10/01/2018
31,745	5.75% due 10/01/2025
2,000	5.50% due 10/01/2031
27,075	5.50% due 10/01/2032
3,250	Orlando and Orange County, Florida, Expressway Authority Revenue Bonds (b): 5% due 7/01/2030
28,700	5% due 7/01/2035
3,155	Osceola County, Florida, Infrastructure Sales Surplus Tax Revenue Bonds 5.375% due 10/01/2018
7,680	5.25% due 10/01/2025
2,065	Osceola County, Florida, Sales Tax Revenue Bonds (h): 5.625% due 6/01/2016
1,605	5.625% due 6/01/2017
1,075	5.625% due 6/01/2018
4,240	Osceola County, Florida, School Board, COP, Series A, 5.25% due 8/01/2027
5,560	Osceola County, Florida, Tourist Development Tax Revenue Bonds 5.375% due 10/01/2018

Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

due 10/01/2027 (h)

---

	Palm Beach County, Florida, GO (Liquid Acquisition Program)
4,605	5.75% due 8/01/2016
5,330	5.75% due 8/01/2018

---

5,500	Palm Beach County, Florida, Public Improvement Revenue Bond Project) 5.625% due 11/01/2011 (h) (j)
-------	--

---

6,115	Palm Beach County, Florida, School Board COP, Refunding, Series A due 8/01/2017 (b)
-------	---

---

	Palm Beach County, Florida, School Board COP, Series A (j):
5,070	6% due 8/01/2010 (h)
13,205	6.25% due 8/01/2010 (h)
4,235	5.50% due 8/01/2011 (b)

---

2,070	Pembroke Pines, Florida, Public Improvement Revenue Bonds, due 10/01/2034 (b)
-------	---

---

1,425	Pinellas County, Florida, HFA, S/F Mortgage Revenue Bonds (AMT, Series A, 6.70% due 2/01/2028 (d) (g)
-------	---

---

9,885	Polk County, Florida, School Board, COP, Master Lease, Series A due 1/01/2025 (c)
-------	---

---

9,645	Pompano Beach, Florida, Water and Sewer Revenue Bonds, 6% due 10/01/2027 (b)
-------	--

---

	Port St. Lucie, Florida, Utility Revenue Bonds (a):
1,280	5.25% due 9/01/2026
1,345	5.25% due 9/01/2027

---

	Saint Johns County, Florida, IDA, IDR, Refunding (Professional Services)
1,275	5.50% due 9/01/2015
1,345	5.50% due 9/01/2016
1,420	5.50% due 9/01/2017
1,500	5.50% due 9/01/2018

---

	Saint Johns County, Florida, Sales Tax Revenue Bonds, GO (b)
1,375	Series A, 5.25% due 10/01/2028
1,355	Series A, 5.25% due 10/01/2031
2,000	Series A, 5.25% due 10/01/2034
1,430	Series B, 5.25% due 10/01/2027
840	Series B, 5.25% due 10/01/2032

---

3,500	Saint Johns County, Florida, Transportation Improvement Revenue Bonds due 10/01/2032 (b)
-------	--

---

MUNIHOLDINGS FLORIDA INSURED FUND

FEBRUARY 28, 2005

9

Schedule of Investments (continued)

(in Thousands)

Face  
Amount      Municipal Bonds

=====  
Florida (concluded)

Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

\$ 4,055	Saint Lucie County, Florida, School Board, COP, 6.25% due 7/01/2017
1,420	Saint Lucie County, Florida, School Board, COP, Refunding (Series A, 5.50% due 7/01/2017)
1,495	Series A, 5.50% due 7/01/2018
1,105	Series C, 5.50% due 7/01/2017
1,170	Series C, 5.50% due 7/01/2018
1,720	Saint Lucie, Florida, West Services District, Utility Revenue Bonds, 5.25% due 10/01/2034
4,750	5% due 10/01/2038
3,250	Saint Lucie, Florida, West Services District, Utility Revenue Senior Lien, 6% due 10/01/2022 (a)
1,750	South Lake County, Florida, Hospital District Revenue Bonds (Inc.), 5.80% due 10/01/2034
8,000	Sunrise, Florida, Utility System Revenue Refunding Bonds (b) 5.50% due 10/01/2018
2,250	5.20% due 10/01/2022
2,430	Sunrise Lakes, Florida, Phase 4 Recreation District, Refunding Bonds, 6% due 8/01/2024 (b)
2,800	Tallahassee, Florida, Lease Revenue Bonds (Florida State University), Series A (a): 5.25% due 8/01/2023
1,000	5.375% due 8/01/2026
30,335	Tampa Bay, Florida, Water Utility System Revenue Bonds, 6% due 10/01/2027 (a)
14,750	Tampa, Florida, Sports Authority Revenue Bonds (Local Option Project), 5.25% due 1/01/2027 (a)
3,835	Taylor County, Florida, Sales Tax Revenue Bonds, 6% due 10/01/2027 (a)
8,935	University of Central Florida (UCF) Athletics Association I Bonds, 5.25% due 10/01/2034 (h)
10,775	Village Center Community Development District, Florida, Revenue Bonds, Series A (a): 5.375% due 11/01/2034
1,750	5.125% due 11/01/2036
3,000	Village Center Community Development District, Florida, Utility Revenue Bonds, 5.25% due 10/01/2023 (a)

=====  
Puerto Rico--2.8%

3,000	Puerto Rico Commonwealth, GO, Public Improvement, 6% due 7/01/2027 (a)
10,125	Puerto Rico Commonwealth Highway and Transportation Authority Revenue Bonds, Series B, 6% due 7/01/2005 (j)
2,725	Puerto Rico Industrial, Tourist, Educational, Medical and E-Health Facilities Revenue Bonds (University Plaza Project), Series A, 6% due 7/01/2019 (a)

Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

-----  
 Total Municipal Bonds (Cost--\$857,678)--158.6%  
 =====

10 MUNIHOLDINGS FLORIDA INSURED FUND FEBRUARY 28, 2005

Schedule of Investments (concluded) (in Thousands)

Shares Held	Short-Term Securities
5,635	Merrill Lynch Institutional Tax-Exempt Fund (1)
	Total Short-Term Securities (Cost--\$5,635)--1.0%
	-----
	Total Investments (Cost--\$863,313*) --159.6%
	-----
	Other Assets Less Liabilities--3.1%
	Preferred Shares, at Redemption Value--(62.7%)
	Net Assets Applicable to Common Shares--100.0%

\* The cost and unrealized appreciation (depreciation) of investments as of February 28, 2005, as computed for federal income tax purposes, were as follows:

	(in Thousands)
Aggregate cost .....	\$863,958
	=====
Gross unrealized appreciation .....	\$ 61,199
Gross unrealized depreciation .....	(1,035)
	-----
Net unrealized appreciation .....	\$ 60,164
	=====

- (a) MBIA Insured.
- (b) AMBAC Insured.
- (c) FSA Insured.
- (d) GNMA Collateralized.
- (e) FHLMC Collateralized.
- (f) The rate disclosed is that currently in effect. This rate changes periodically and inversely based upon prevailing market rates.
- (g) FNMA Collateralized.
- (h) FGIC Insured.
- (i) FHA Insured.
- (j) Prerefunded.
- (k) Radian Insured.
- (l) Investments in companies considered to be an affiliate of the Fund (such companies are defined as "Affiliated Companies" in Section 2(a)(3) of the Investment Company Act of 1940) were as follows:

(in Thousands)

Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

Affiliate	Net Activity	Dividend Income
Merrill Lynch Institutional Tax-Exempt Fund	(4,700)	\$90

Forward interest rate swaps outstanding as of February 28, 2005 were as follows:

	(in Thousands)	
	Notional Amount	Unrealized Appreciation
Receive a variable rate equal to 7-Day Bond Market Association Municipal Swap Index Rate and pay a fixed rate equal to 3.568%		
Broker, JPMorgan Chase Bank Expires April 2015	\$65,000	\$ 706
Receive a variable rate equal to 7-Day Bond Market Association Municipal Swap Index Rate and pay a fixed rate equal to 3.567%		
Broker, JPMorgan Chase Bank Expires May 2015	\$74,400	898
Total		\$1,604 =====

See Notes to Financial Statements.

MUNIHOLDINGS FLORIDA INSURED FUND                      FEBRUARY 28, 2005                      11

Statement of Net Assets

As of February 28, 2005

Assets

Investments in unaffiliated securities, at value (identified cost--\$857,677,982) .....	
Investments in affiliated securities, at value (identified cost--\$5,635,265) .....	
Unrealized appreciation on forward interest rate swaps ..	
Cash .....	
Receivables:	
Interest .....	\$ 15,098,084
Securities sold .....	1,965,000
Dividends from affiliates .....	264
Prepaid expenses .....	
Total assets .....	

Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

Liabilities

Payables:

Investment adviser .....	297,483
Dividends to Common Shareholders .....	128,272
Other affiliates .....	8,252

Accrued expenses .....

Total liabilities .....

Preferred Shares

Preferred Shares, at redemption value, par value \$.10 per share (2,095 Series A Shares, 3,495 Series B Shares, 3,440 Series CShares, 2,160 Series D Shares and 3,340 Series E Shares of AMPS\* authorized, issued and outstanding at \$25,000 per share liquidation preference)

Net Assets Applicable to Common Shares

Net assets applicable to Common Shares .....

Analysis of Net Assets Applicable to Common Shares

Common Shares, par value \$.10 per share (37,628,592 shares issued and outstanding) .....	
Paid-in capital in excess of par .....	
Undistributed investment income--net .....	\$ 9,062,347
Accumulated realized capital losses--net .....	(66,726,636)
Unrealized appreciation--net .....	62,412,582

Total accumulated earnings--net .....

Total--Equivalent to \$15.39 net asset value of Common Shares (market price--\$15.31) .....

\* Auction Market Preferred Shares.

See Notes to Financial Statements.

12 MUNIHOLDINGS FLORIDA INSURED FUND FEBRUARY 28, 2005

Statement of Operations

For the Six Months Ended February 28, 2005

Investment Income

Interest .....	
Dividends from affiliates .....	



Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

Total income .....		
=====		
Expenses		
-----		
Investment advisory fees .....	\$	2,573,275
Commission fees .....		466,338
Accounting services .....		135,788
Transfer agent fees .....		49,599
Professional fees .....		29,418
Printing and shareholder reports .....		25,300
Custodian fees .....		22,788
Trustees' fees and expenses .....		16,876
Listing fees .....		14,673
Pricing fees .....		14,565
Other .....		6,350
		-----
Total expenses before waiver and reimbursement .....		3,354,970
Waiver and reimbursement of expenses .....		(174,436)
		-----
Total expenses after waiver and reimbursement .....		
Investment income--net .....		
=====		
Realized & Unrealized Gain (Loss)--Net		
-----		
Realized gain (loss) on:		
Investments--net .....		1,556,585
Forward interest rate swaps--net .....		(4,990,417)
		-----
Change in unrealized appreciation (depreciation) on:		
Investments--net .....		676,933
Forward interest rate swaps--net .....		4,219,390
		-----
Total realized and unrealized gain--net .....		
=====		
Dividends to Preferred Shareholders		
-----		
Investment income--net .....		
Net Increase in Net Assets Resulting from Operations ....		

See Notes to Financial Statements.

MUNIHOLDINGS FLORIDA INSURED FUND

FEBRUARY 28, 2005

13

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets:

For the Six  
Months Ended  
February 28,  
2005

Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

Operations

Investment income--net .....	\$ 20,570,674
Realized loss--net .....	(3,433,832)
Change in unrealized appreciation (depreciation)--net ...	4,896,323
Dividends to Preferred Shareholders .....	(2,365,936)
Net increase in net assets resulting from operations ....	19,667,229
=====	
Dividends to Common Shareholders	
Investment income--net .....	(19,190,582)
Net decrease in net assets resulting from dividends to Common Shareholders .....	(19,190,582)
=====	
Net Assets Applicable to Common Shares	
Total increase in net assets applicable to Common Shares	476,647
Beginning of period .....	578,509,031
End of period* .....	\$ 578,985,678
* Undistributed investment income--net .....	\$ 9,062,347
=====	

See Notes to Financial Statements.

14 MUNIHOLDINGS FLORIDA INSURED FUND FEBRUARY 28, 2005

Financial Highlights

The following per share data and ratios have been derived from information provided in the financial statements.	For the Six Months Ended February 28,	-----
	2005	2004
=====		
Per Share Operating Performance		
-----		
Net asset value, beginning of period .....	\$ 15.37	\$ 15.04
Investment income--net .....	.55+	1.11+
Realized and unrealized gain (loss)--net .....	.04	.31
Dividends and distributions to Preferred Shareholders:		
Investment income--net .....	(.06)	(.09)
Realized gain--net .....	--	--
Capital write-off (charge) resulting from issuance of Preferred Shares .....	--	--
Total from investment operations .....	.53	1.33
-----		
Less dividends and distributions to Common		

Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

Shareholders:			
Investment income--net .....	(.51)	(1.00)	
Realized gain--net .....	--	--	
-----			
Total dividends and distributions to Common Shareholders .....	(.51)	(1.00)	
-----			
Net asset value, end of period .....	\$ 15.39	\$ 15.37	\$
=====			
Market price per share, end of period .....	\$ 15.31	\$ 14.84	\$
=====			
-----			
Total Investment Return*			
-----			
Based on net asset value per share .....	3.54%++	9.43%	
=====			
Based on market price per share .....	6.68%++	12.86%	
=====			
-----			
Ratios Based on Average Net Assets of Common Shares			
-----			
Total expenses, net of waiver and reimbursement and excluding reorganization expenses** .....	1.11%@@	1.10%	
=====			
Total expenses, excluding reorganization expenses** .....	1.17%@@	1.17%	
=====			
Total expenses** .....	1.17%@@	1.17%	
=====			
Total investment income--net** .....	7.15%@@	7.23%	
=====			
Amount of dividends to Preferred Shareholders .....	.82%@@	.60%	
=====			
Investment income--net, to Common Shareholders .....	6.33%@@	6.63%	
=====			

MUNIHOLDINGS FLORIDA INSURED FUND                      FEBRUARY 28, 2005                      15

Financial Highlights (concluded)

The following per share data and ratios have been derived from information provided in the financial statements.	For the Six Months Ended	
	February 28, 2005	----- 2004
-----		
Ratios Based on Average Net Assets of Common & Preferred Shares**		
-----		
Total expenses, net of waiver and reimbursement and excluding reorganization expenses .....	.68%@@	.67%
=====		
Total expenses, excluding reorganization expenses ..	.72%@@	.72%
=====		
Total expenses .....	.72%@@	.72%
=====		
Total investment income--net .....	4.40%@@	4.44%
=====		

Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

=====  
 Ratios Based on Average Net Assets of Preferred Shares  
 -----

Dividends to Preferred Shareholders .....	1.31% <sup>@@</sup>	.95%	
---	---------------------	------	--

=====  
 Supplemental Data  
 -----

Net assets applicable to Common Shares, end of period (in thousands) .....	\$578,986	\$578,509	\$
Preferred Shares outstanding, end of period (in thousands) .....	\$363,250	\$363,250	\$
Portfolio turnover .....	7.24%	21.20%	

=====  
 Leverage  
 -----

Asset coverage per \$1,000 .....	\$ 2,594	\$ 2,593	\$
----------------------------------	----------	----------	----

=====  
 Dividends Per Share on Preferred Shares Outstanding  
 -----

Series A--Investment income--net .....	\$ 158	\$ 233	\$
Series B--Investment income--net .....	\$ 160	\$ 237	\$
Series C--Investment income--net .....	\$ 168	\$ 237	\$
Series D--Investment income--net .....	\$ 161	\$ 243	\$
Series E--Investment income--net .....	\$ 164	\$ 241	\$

- \* Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.
- \*\* Do not reflect the effect of dividends to Preferred Shareholders.
- + Based on average shares outstanding.
- ++ Aggregate total investment return.
- @ Amount is less than \$(.01) per share.
- @@ Annualized.

See Notes to Financial Statements.

Notes to Financial Statements

1. Significant Accounting Policies:

MuniHoldings Florida Insured Fund, (the "Fund") is registered under the Investment Company Act of 1940, as amended, as a non-diversified, closed-end management investment company. The Fund's financial statements are prepared in conformity with U.S. generally accepted accounting principles, which may require the use of management accruals and estimates. Actual results may differ from these estimates. These unaudited financial statements reflect all adjustments,

## Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

which are, in the opinion of management, necessary to present a fair statement of the results for the interim period. All such adjustments are of a normal, recurring nature. The Fund determines and makes available for publication the net asset value of its Common Shares on a daily basis. The Fund's Common Shares are listed on the New York Stock Exchange under the symbol MFL. The following is a summary of significant accounting policies followed by the Fund.

(a) Valuation of investments -- Municipal bonds are traded primarily in the over-the-counter markets and are valued at the last available bid price in the over-the-counter market or on the basis of values as obtained by a pricing service. Pricing services use valuation matrixes that incorporate both dealer-supplied valuations and valuation models. The procedures of the pricing service and its valuations are reviewed by the officers of the Fund under the general direction of the Board of Trustees. Such valuations and procedures will be reviewed periodically by the Board of Trustees of the Fund. Financial futures contracts and options thereon, which are traded on exchanges, are valued at their closing prices as of the close of such exchanges. Options written or purchased are valued at the last sale price in the case of exchange-traded options. In the case of options traded in the over-the-counter market, valuation is the last asked price (options written) or the last bid price (options purchased). Swap agreements are valued by quoted fair values received daily by the Fund's pricing service. Short-term investments with a remaining maturity of 60 days or less are valued at amortized cost, which approximates market value, under which method the investment is valued at cost and any premium or discount is amortized on a straight line basis to maturity. Investments in open-end investment companies are valued at their net asset value each business day. Securities and other assets for which market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of the Board of Trustees of the Fund.

(b) Derivative financial instruments -- The Fund may engage in various portfolio investment strategies both to increase the return of the Fund and to hedge, or protect, its exposure to interest rate movements and movements in the securities markets. Losses may arise due to changes in the value of the contract or if the counterparty does not perform under the contract.

- o Financial futures contracts -- The Fund may purchase or sell financial futures contracts and options on such futures contracts. Futures contracts are contracts for delayed delivery of securities at a specific future date and at a specific price or yield. Upon entering into a contract, the Fund deposits and maintains as collateral such initial margin as required by the exchange on which the transaction is effected. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as variation margin and are recorded by the Fund as unrealized gains or losses. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.
- o Options -- The Fund may write covered call options and purchase call and put options. When the Fund writes an option, an amount equal to the premium received by the Fund is reflected as an asset and an equivalent liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the option written. When a security is purchased or sold through an exercise of an option, the related premium paid (or received) is added to (or deducted from) the basis of the security acquired or deducted from (or added to) the proceeds of the security sold. When an option expires (or the Fund enters into a closing transaction), the Fund realizes a gain or loss on the option to the extent of the premiums received or paid (or gain or loss to the extent the cost of the closing transaction exceeds the premium paid or received).

## Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

Written and purchased options are non-income producing investments.

- o Forward interest rate swaps -- The Fund may enter into forward interest rate swaps. In a forward interest rate swap, the Fund and the counterparty agree to make periodic net payments on a specified notional contract amount, commencing on a specified future effective date, unless terminated earlier. When the agreement is closed, the Fund records a realized gain or loss in an amount equal to the value of the agreement.

MUNIHOLDINGS FLORIDA INSURED FUND

FEBRUARY 28, 2005

17

### Notes to Financial Statements (concluded)

(c) Income taxes -- It is the Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no federal income tax provision is required.

(d) Security transactions and investment income -- Security transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on security transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend dates. Interest income is recognized on the accrual basis. The Fund amortizes all premiums and discounts on debt securities.

(e) Dividends and distributions -- Dividends from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates.

### 2. Investment Advisory Agreement and Transactions with Affiliates:

The Fund has entered into an Investment Advisory Agreement with Fund Asset Management, L.P. ("FAM"). The general partner of FAM is Princeton Services, Inc. ("PSI"), an indirect, wholly-owned subsidiary of Merrill Lynch & Co., Inc. ("ML & Co."), which is the limited partner.

FAM is responsible for the management of the Fund's portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of the Fund. For such services, the Fund pays a monthly fee at an annual rate of .55% of the Fund's average weekly net assets, including proceeds from the issuance of Preferred Shares. For the six months ended February 28, 2005, FAM earned fees of \$2,573,275, of which \$161,933 was waived. For the six months ended February 28, 2005, FAM reimbursed the Fund in the amount of \$12,503.

For the six months ended February 28, 2005, the Fund reimbursed FAM \$9,916 for certain accounting services.

Certain officers and/or directors of the Fund are officers and/or directors of FAM, PSI, and/or ML & Co.

### 3. Investments:

Purchases and sales of investments, excluding short-term securities, for the six months ended February 28, 2005 were \$66,533,551 and \$66,184,628, respectively.

### 4. Share Transactions:

The Fund is authorized to issue an unlimited number of shares of beneficial

## Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

interest, including Preferred Shares, par value \$.10 per share, all of which were initially classified as Common Shares. The Board of Trustees is authorized, however, to reclassify any unissued shares of beneficial interest without approval of holders of Common Shares.

### Preferred Shares

Auction Market Preferred Shares are redeemable Preferred Shares of the Fund, with a par value of \$.10 per share and a liquidation preference of \$25,000 per share plus accrued and unpaid dividends, that entitle their holders to receive cash dividends at an annual rate that may vary for the successive dividend periods. The yields in effect at February 28, 2005 were as follows: Series A, 1.84%; Series B, 1.84%; Series C, 1.90%; Series D, 1.899%; and Series E, 1.80%.

The Fund pays commissions to certain broker-dealers at the end of each auction at an annual rate ranging from .25% to .375%, calculated on the proceeds of each auction. For the six months ended February 28, 2005, Merrill Lynch, Pierce, Fenner & Smith Incorporated, an affiliate of FAM, earned \$223,053 as commissions.

### 5. Capital Loss Carryforward:

On August 31, 2004, the Fund had a net capital loss carryforward of \$53,580,322, of which \$25,345,146 expires in 2007, \$9,834,324 expires in 2008, \$16,563,861 expires in 2009 and \$1,836,991 expires in 2012. This amount will be available to offset like amounts of any future taxable gains.

### 6. Subsequent Event:

The Fund paid a tax-exempt income dividend to holders of Common Shares in the amount of \$.083000 per share on March 30, 2005 to shareholders of record on March 15, 2005.

18

MUNIHOLDINGS FLORIDA INSURED FUND

FEBRUARY 28, 2005

### Dividend Policy

The Fund's dividend policy is to distribute all or a portion of its net investment income to its shareholders on a monthly basis. In order to provide shareholders with a more stable level of dividend distributions, the Fund may at times pay out less than the entire amount of net investment income earned in any particular month and may at times in any particular month pay out such accumulated but undistributed income in addition to net investment income earned in that month. As a result, the dividends paid by the Fund for any particular month may be more or less than the amount of net investment income earned by the Fund during such month. The Fund's current accumulated but undistributed net investment income, if any, is disclosed in the Statement of Net Assets, which comprises part of the financial information included in this report.

### Portfolio Information as of February 28, 2005

Quality Ratings by S&P/Moody's	Percent of Total Investments
-----	
AAA/Aaa .....	94.1%
AA/Aa .....	0.8
A/A .....	3.9
BBB/Baa .....	0.6
Other* .....	0.6

Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

\* Includes portfolio holdings in short-term investments.

MUNIHOLDINGS FLORIDA INSURED FUND                      FEBRUARY 28, 2005                      19

Proxy Results

During the six-month period ended February 28, 2005, MuniHoldings Florida Insured Fund's Common Shareholders voted on the following proposal. The proposal was approved at a shareholders' meeting on January 27, 2005. A description of the proposal and number of shares voted are as follows:

		Shares Voted For
1. To elect the Fund's Trustees:	Robert C. Doll, Jr.	36,568,516
	Cynthia A. Montgomery	36,571,238
	Jean Margo Reid	36,554,739
	Roscoe S. Suddarth	36,536,346
	Edward D. Zinbarg	36,517,980

During the six-month period ended February 28, 2005, MuniHoldings Florida Insured Fund's Preferred Shareholders (Series A-E) voted on the following proposal. The proposal was approved at a shareholders' meeting on January 27, 2005. A description of the proposal and number of shares voted are as follows:

		Shares Voted For
1. To elect the Fund's Board of Trustees:	Robert C. Doll, Jr.	14,490
	Ronald W. Forbes	14,490
	Cynthia A. Montgomery	14,490
	Jean Margo Reid	14,490
	Roscoe S. Suddarth	14,489
	Richard R. West	14,490
	Edward D. Zinbarg	14,490

20                      MUNIHOLDINGS FLORIDA INSURED FUND                      FEBRUARY 28, 2005

Officers and Trustees

Robert C. Doll, Jr., President and Trustee  
 Ronald W. Forbes, Trustee  
 Cynthia A. Montgomery, Trustee  
 Jean Margo Reid, Trustee  
 Roscoe S. Suddarth, Trustee



Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

Richard R. West, Trustee  
Edward D. Zinbarg, Trustee  
Kenneth A. Jacob, Senior Vice President  
John M. Loffredo, Senior Vice President  
Robert D. Sneed, Vice President  
Donald C. Burke, Vice President and Treasurer  
Jeffrey Hiller, Chief Compliance Officer  
Alice A. Pellegrino, Secretary

Custodian

The Bank of New York  
100 Church Street  
New York, NY 10286

Transfer Agents

Common Shares:

The Bank of New York  
101 Barclay Street -- 11 East  
New York, NY 10286

Preferred Shares:

The Bank of New York  
101 Barclay Street -- 7 West  
New York, NY 10286

NYSE Symbol

MFL

-----  
Effective January 1, 2005, Terry K. Glenn, President and Trustee and Kevin A. Ryan, Trustee of MuniHoldings Florida Insured Fund retired. The Fund's Board of Trustees wishes Messrs. Glenn and Ryan well in their retirements.

Effective January 1, 2005, Robert C. Doll, Jr. became President and Trustee of the Fund.  
-----

MUNIHOLDINGS FLORIDA INSURED FUND                      FEBRUARY 28, 2005                      21

Availability of Quarterly Schedule of Investments

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's Web site at <http://www.sec.gov>. The Fund's Forms N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

22                      MUNIHOLDINGS FLORIDA INSURED FUND                      FEBRUARY 28, 2005

Electronic Delivery

The Fund offers electronic delivery of communications to its shareholders. In

Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

order to receive this service, you must register your account and provide us with e-mail information. To sign up for this service, simply access this Web site at <http://www.icsdelivery.com/live> and follow the instructions. When you visit this site, you will obtain a personal identification number (PIN). You will need this PIN should you wish to update your e-mail address, choose to discontinue this service and/or make any other changes to the service. This service is not available for certain retirement accounts at this time.

MUNIHOLDINGS FLORIDA INSURED FUND

FEBRUARY 28, 2005

23

[LOGO] Merrill Lynch Investment Managers

[www.mlim.ml.com](http://www.mlim.ml.com)

-----

Mercury Advisors

A Division of Merrill Lynch Investment Managers

[www.mercury.ml.com](http://www.mercury.ml.com)

MuniHoldings Florida Insured Fund seeks to provide shareholders with current income exempt from federal income tax. The Fund also seeks to offer shareholders the opportunity to own shares, the value of which is exempt from Florida intangible personal property tax. The Fund seeks to achieve its investment objective by investing primarily in a portfolio of long-term, investment grade municipal obligations, the interest on which, in the opinion of bond counsel to the issuer, is exempt from federal income taxes and which enables shares of the Fund to be exempt from Florida intangible personal property tax.

This report, including the financial information herein, is transmitted to shareholders of MuniHoldings Florida Insured Fund for their information. It is not a prospectus. Past performance results shown in this report should not be considered a representation of future performance. The Fund has leveraged its Common Shares and intends to remain leveraged by issuing Preferred Shares to provide the Common Shareholders with a potentially higher rate of return. Leverage creates risks for Common Shareholders, including the likelihood of greater volatility of net asset value and market price of shares of the Common Shares, and the risk that fluctuations in the short-term dividend rates of the Preferred Shares may affect the yield to Common Shareholders. Statements and other information herein are as dated and are subject to change.

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling toll-free 1-800-MER-FUND (1-800-637-3863); (2) at [www.mutualfunds.ml.com](http://www.mutualfunds.ml.com); and (3) on the Securities and Exchange Commission's Web site at <http://www.sec.gov>. Information about how the Fund voted proxies relating to securities held in the Fund's portfolio during the most recent 12-month period ended June 30 is available (1) at [www.mutualfunds.ml.com](http://www.mutualfunds.ml.com) and (2) on the Securities and Exchange Commission's Web site at <http://www.sec.gov>.

MuniHoldings Florida Insured Fund  
Box 9011  
Princeton, NJ 08543-9011

#HOLDFL -- 2/05

## Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

- Item 2 - Code of Ethics - Not Applicable to this semi-annual report
- Item 3 - Audit Committee Financial Expert - Not Applicable to this semi-annual report
- Item 4 - Principal Accountant Fees and Services - Not Applicable to this semi-annual report
- Item 5 - Audit Committee of Listed Registrants - Not Applicable to this semi-annual report
- Item 6 - Schedule of Investments - Not Applicable
- Item 7 - Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies - Not Applicable to this semi-annual report
- Item 8 - Portfolio Managers of Closed-End Management Investment Companies - Not Applicable to this semi-annual report
- Item 9 - Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers - Not Applicable
- Item 10 - Submission of Matters to a Vote of Security Holders - Not Applicable
- Item 11 - Controls and Procedures
  - 11(a) - The registrant's certifying officers have reasonably designed such disclosure controls and procedures to ensure material information relating to the registrant is made known to us by others particularly during the period in which this report is being prepared. The registrant's certifying officers have determined that the registrant's disclosure controls and procedures are effective based on our evaluation of these controls and procedures as of a date within 90 days prior to the filing date of this report.
  - 11(b) - There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a-3(d)) that occurred during the last fiscal half-year of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
- Item 12 - Exhibits attached hereto
  - 12(a) (1) - Code of Ethics - Not Applicable to this semi-annual report
  - 12(a) (2) - Certifications - Attached hereto
  - 12(a) (3) - Not Applicable
  
  - 12(b) - Certifications - Attached hereto

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.

MuniHoldings Florida Insured Fund

Edgar Filing: MUNIHOLDINGS FLORIDA INSURED FUND INC - Form N-CSRS

By: /s/ Robert C. Doll, Jr.

-----  
Robert C. Doll, Jr.,  
Chief Executive Officer of  
MuniHoldings Florida Insured Fund

Date: April 22, 2005

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/ Robert C. Doll, Jr.

-----  
Robert C. Doll, Jr.,  
Chief Executive Officer of  
MuniHoldings Florida Insured Fund

Date: April 22, 2005

By: /s/ Donald C. Burke

-----  
Donald C. Burke,  
Chief Financial Officer of  
MuniHoldings Florida Insured Fund

Date: April 22, 2005