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BLACKROCK MUNIYIELD INSURED FUND, INC
Form N-CSR
October 08, 2008

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES

Investment Company Act file number 811-06540

Name of Fund: BlackRock MuniYield Insured Fund, Inc. (MYI)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: Donald C. Burke, Chief Executive Officer,
BlackRock MuniYield Insured Fund, Inc., 800 Scudders Mill Road,
Plainsboro, NJ 08536. Mailing address: P.O. Box 9011, Princeton, NJ
08543-9011

Registrant's telephone number, including area code: (800) 882-0052, Option 4

Date of fiscal year end: 07/31/2008

Date of reporting period: 11/01/2007 - 07/31/2008

Item 1 - Report to Stockholders

EQUITIES FIXED INCOME REAL ESTATE
LIQUIDITY ALTERNATIVES BLACKROCK SOLUTIONS

Annual Report

BLACKROCK

JULY 31, 2008

BlackRock MuniHoldings Insured Fund II, Inc. (MUE)
BlackRock MuniYield Insured Fund, Inc. (MYI)

NOT FDIC INSURED
MAY LOSE VALUE
NO BANK GUARANTEE

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ANNUAL REPORT

JULY 31, 2008

A Letter to Shareholders

Dear Shareholder

For more than a year, investors have been besieged by a weak housing market, the bursting of the credit bubble that has troubled the financial sector, and surging food and oil prices, which have stoked inflation concerns. Healthy nonfinancial corporate profits and robust exporting activity remained among the few bright spots, helping the economy to grow at a modest, but still positive, pace.

The Federal Reserve Board (the "Fed") has been aggressive in its attempts to stimulate economic growth and stabilize financial markets. In addition to slashing the target federal funds rate 325 basis points (3.25%) between September 2007 and April 2008, the central bank introduced the new Term Securities Lending Facility, granted broker-dealers access to the discount window and used its own balance sheet to help negotiate the sale of Bear Stearns. However, the end of the period saw a pause in Fed action; the central bank held the target rate steady at 2.0% as it attempted to balance weak growth and inflationary pressures.

The Fed's bold response to the financial crisis helped mitigate credit stress and investor anxiety, albeit temporarily. U.S. equity markets sank sharply over the reporting period, notwithstanding a brief rally in the spring and another in mid-summer, and international markets followed suit.

Treasury securities also traded in a volatile fashion, but generally rallied (yields fell as prices correspondingly rose), as the broader flight-to-quality theme persisted. The yield on 10-year Treasury issues, which fell to 3.34% in March, climbed to the 4.20% range in mid-June as investors temporarily shifted out of Treasury issues in favor of riskier assets (such as stocks and other high-quality fixed income sectors), then reversed course and declined to 3.99% by period-end when credit fears re-emerged. Meanwhile, tax-exempt issues underperformed their taxable counterparts, as problems among municipal bond insurers and the failure in the market for auction rate securities continued to pressure the group.

Overall, the major benchmark indexes generated results that reflected heightened risk aversion:

Total Returns as of July 31, 2008

6-month

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U.S. equities (S&P 500 Index)	(7.08)%
Small cap U.S. equities (Russell 2000 Index)	0.86
International equities (MSCI Europe, Australasia, Far East Index)	(5.04)
Fixed income (Lehman Brothers U.S. Aggregate Index)	(0.63)
Tax-exempt fixed income (Lehman Brothers Municipal Bond Index)	(0.85)
High yield bonds (Lehman Brothers U.S. Corporate High Yield 2% Issuer Capped Index)	(0.80)

Past performance is no guarantee of future results. Index performance shown for illustrative purposes only.

You cannot invest directly in an index.

Shortly before this shareholder report mailing, the investment landscape was dramatically altered as the ongoing credit crisis intensified, resulting in a widespread breakdown in the financial services sector and unprecedented government intervention. Through periods of market turbulence, as ever, BlackRock's full resources are dedicated to the management of our clients' assets. For our most current views on the economy and financial markets, we invite you to visit www.blackrock.com/funds. As always, we thank you for entrusting BlackRock with your investment assets, and we look forward to continuing to serve you in the months and years ahead.

Sincerely,

/s/ Rob Kapito

Rob Kapito
President, BlackRock Advisors, LLC

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THIS PAGE NOT PART OF YOUR FUND REPORT

Fund Summary as of July 31, 2008 BlackRock MuniHoldings Insured Fund II, Inc.

Investment Objective

BlackRock MuniHoldings Insured Fund II, Inc. (MUE) (the "Fund") seeks to provide shareholders with current income exempt from federal income taxes 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.

Performance

For the 12 months ended July 31, 2008, the Fund returned (4.13)% based on market price and (1.77)% based on net asset value ("NAV"). For the same period, the closed-end Lipper Insured Municipal Debt Funds (Leveraged) category posted an average return of (2.65)% on a NAV basis. All returns reflect reinvestment of dividends. Several key factors influenced performance during the year. A positive contributor to performance was the Fund's significant overweight in pre-refunded bonds in the one- to five-year maturity range, as the yield curve steepened and these issues outperformed. Conversely, problems within the monoline insurance industry had a negative impact on the entire insured

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municipal market, hampering the performance of the Fund and its peers.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

Fund Information

Symbol on New York Stock Exchange	MUE
Initial Offering Date	February 26, 1999
Yield on Closing Market Price as of July 31, 2008 (\$11.30) 1	5.31%
Tax Equivalent Yield 2	8.17%
Current Monthly Distribution per share of Common Stock 3 ...	\$0.05
Current Annualized Distribution per share of Common Stock 3	\$0.60
Leverage as of July 31, 2008 4	44%

- 1 Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.
- 2 Tax equivalent yield assumes the maximum federal tax rate of 35%.
- 3 The distribution is not constant and is subject to change.
- 4 As a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to Auction Market Preferred Stock ("Preferred Stock") and tender option bond trusts ("TOBs")) minus the sum of accrued liabilities.

The table below summarizes the changes in the Fund's market price and net asset value per share:

	7/31/08	9/30/07	Change	High	Low
Market Price	\$11.30	\$12.39	(8.80)%	\$12.64	\$11.17
Net Asset Value	\$12.84	\$13.72	(6.41)%	\$13.97	\$12.44

The following unaudited charts show the portfolio composition and credit quality allocations of the Fund's long-term investments:

Portfolio Composition

Sector	7/31/08	9/30/07
Transportation	23%	13%
City, County & State	15	22
Hospital	12	10
Lease Revenue	10	7
Tax Revenue	10	12
Power	9	8
Water & Sewer	6	3
Housing	6	9
Education	5	9
Industrial & Pollution Control	4	7

Credit Quality Allocations 5

Credit Rating	7/31/08	9/30/07
AAA/Aaa	48%	92%
AA/Aa	45	2

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A/A	6	3
BBB/Baa	1	3

5 Using the higher of Standard & Poor's (S&P's) or Moody's Investors Service (Moody's) ratings.

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Fund Summary as of July 31, 2008 BlackRock MuniYield Insured Fund, Inc.

Investment Objective

BlackRock MuniYield Insured Fund, Inc. (MYI) (the "Fund") seeks to provide shareholders with as high a level of current income exempt from federal income taxes as is consistent with its investment policies and prudent investment management 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.

Performance

For the 12 months ended July 31, 2008, the Fund returned (5.32)% based on market price and (8.44)% based on NAV. For the same period, the closed-end Lipper Insured Municipal Debt Funds (Leveraged) category posted an average return of (2.65)% on a NAV basis. All returns reflect reinvestment of dividends. A long duration posture during a period of rising municipal bond yields detracted from Fund performance over the year. Overweight positions in lower-rated bonds and issues subject to the alternative minimum tax ("AMT") also negatively affected results, as yield spreads in both sectors widened significantly. Moreover, Bond Market Association ("BMA") swaps, utilized by management to reduce Fund duration, underperformed the municipal cash market for much of the annual period, which further hampered performance.

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Fund Information

Symbol on New York Stock Exchange	MYI
Initial Offering Date	March 27, 1992
Yield on Closing Market Price as of July 31, 2008 (\$12.22) 1 ..	5.50%
Tax Equivalent Yield 2	8.46%
Current Monthly Distribution per share of Common Stock 3	\$0.056
Current Annualized Distribution per share of Common Stock 3 ...	\$0.672
Leverage as of July 31, 2008 4	43%

- 1 Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.
- 2 Tax equivalent yield assumes the maximum federal tax rate of 35%.
- 3 The distribution is not constant and is subject to change.
- 4 As a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to Preferred Stock and TOBs) minus the sum of accrued liabilities.

The table below summarizes the changes in the Fund's market price and net asset value per share:

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	7/31/08	10/31/07	Change	High	Low
Market Price	\$12.22	\$13.04	(6.29)%	\$13.77	\$11.87
Net Asset Value	\$12.86	\$14.57	(11.74)%	\$14.69	\$12.47

The following unaudited charts show the portfolio composition and credit quality allocations of the Fund's long-term investments:

Portfolio Composition

Sector	7/31/08	10/31/07
Transportation	30%	30%
City, County & State	15	16
Hospital	12	9
Power	11	14
Education	7	5
Housing	6	7
Sales Tax	6	7
Lease Revenue	5	4
Water & Sewer	4	4
Industrial & Pollution Control	3	3
Resource Recovery	1	1

Credit Quality Allocations 5

Credit Rating	7/31/08	10/31/07
AAA/Aaa	50%	83%
AA/Aa	37	7
A/A	9	6
BBB/Baa	4	2
Not Rated	--	2

5 Using the higher of S&P's or Moody's ratings.

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The Benefits and Risks of Leveraging

BlackRock MuniHoldings Insured Fund II, Inc. and BlackRock MuniYield Insured Fund, Inc. (each a "Fund" and, collectively, the "Funds") utilize leverage to seek to enhance the yield and NAV of their Common Stock. However, these objectives cannot be achieved in all interest rate environments.

To leverage, each Fund issues Preferred Stock, which pays dividends at prevailing short-term interest rates, and invests the proceeds in long-term municipal bonds. The interest earned on these investments is paid to Common Stock shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share net asset value of each Fund's Common Stock. However, in order to benefit Common Stock 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 Stock shareholders. If either of these conditions change, then the risks of leveraging will begin to outweigh the benefits.

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To illustrate these concepts, assume a fund's Common Stock capitalization of \$100 million and the issuance of Preferred Stock 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 Stock based on the lower short-term interest rates. At the same time, the fund's total portfolio of \$150 million earns income based on long-term interest rates.

In this case, the dividends paid to Preferred Stock shareholders are significantly lower than the income earned on the fund's long-term investments, and therefore the Common Stock 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 Stock will be reduced or eliminated completely. At the same time, the market value of the fund's Common Stock (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 Stock's NAV will reflect the full decline in the price of the portfolio's investments, since the value of the fund's Preferred Stock does not fluctuate. In addition to the decline in NAV, the market value of the fund's Common Stock may also decline.

In addition, the Funds may from time to time leverage their assets through the use of tender option bond ("TOB") programs. In a typical TOB program, the Fund transfers one or more municipal bonds to a TOB trust, which issues short-term variable rate securities to third-party investors and a residual interest to the Fund. The cash received by the TOB trust from the issuance of the short-term securities (less transaction expenses) is paid to the Fund, which invests the cash in additional portfolio securities. The distribution rate on the short-term securities is reset periodically (typically every seven days) through a remarketing of the short-term securities. Any income earned on the bonds in the TOB trust, net of expenses incurred by the TOB trust, that is not paid to the holders of the short-term securities is paid to the Fund. In connection with managing the Funds' assets, the Funds' investment advisor may at any time retrieve the bonds out of the TOB trust typically within seven days. TOB investments generally will provide the Funds with economic benefits in periods of declining short-term interest rates, but expose the Funds to risks during periods of rising short-term interest rates similar to those associated with Preferred Stock issued by the Funds, as described above. Additionally, fluctuations in the market value of municipal securities deposited into the TOB trust may adversely affect the Funds' NAVs per share. (See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to TOB trusts.)

Under the Investment Company Act of 1940, the Funds are permitted to issue Preferred Stock in an amount of up to 50% of their total managed assets at the time of issuance. Each Fund also anticipates that its total economic leverage from Preferred Stock and TOBs will not exceed 50% of its total managed assets. As of July 31, 2008, BlackRock MuniHoldings Insured Fund II, Inc. and BlackRock MuniYield Insured Fund, Inc. had leverage from Preferred Stock and TOBs of 44% and 43% of their total managed assets, respectively.

Swap Agreements

The Funds may 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 exposure to a bond or market without owning or taking physical custody of securities. Swap agreements involve the risk that the party with whom each Fund has entered into a swap will default on its obligation to pay the Fund and

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the risk that the Fund will not be able to meet its obligations to pay the other party to the agreement.

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Schedule of Investments July 31, 2008

BlackRock MuniHoldings Insured Fund II, Inc.
(Percentages shown are based on Net Assets)

	Par (000)	Value
Municipal Bonds		
Alabama -- 1.2%		
Jefferson County, Alabama, Limited Obligation School Warrants, Series A, 5.50%, 1/01/22	\$ 3,580	\$ 3,392,766
Alaska -- 1.4%		
Anchorage, Alaska, Water Revenue Refunding Bonds (a):		
6%, 9/01/09 (b)	370	390,502
6%, 9/01/24	1,630	1,691,598
Matanuska-Susitna Boro, Alaska, GO, Series A, 6%, 3/01/10 (b) (c)	1,700	1,800,708
		3,882,808
Arkansas -- 4.3%		
Arkansas State Development Finance Authority, M/F Mortgage Revenue Refunding Bonds, Series C, 5.35%, 12/01/35 (c) (d)	12,215	12,242,117
California -- 14.3%		
California State, Various Purpose, GO, 5.25%, 12/01/22 (e)	2,935	3,057,331
California State, Veterans, GO, Refunding, AMT, Series BZ, 5.35%, 12/01/21 (c)	9,350	9,350,000
Dixon, California, Unified School District, GO (Election of 2002), 5.20%, 8/01/44 (e)	2,405	2,422,148
Modesto, California, Schools Infrastructure Financing Agency, Special Tax Bonds, 5.50%, 9/01/36 (a)	4,240	4,246,275
Port of Oakland, California, Revenue Bonds, AMT, Series K, 5.75%, 11/01/21 (f)	3,000	3,001,410
Port of Oakland, California, Revenue Refunding Bonds, AMT, Series L, 5.375%, 11/01/27 (c) (f)	5,000	4,791,350
Rancho Cucamonga, California, Redevelopment Agency, Tax Allocation Refunding Bonds (Rancho Redevelopment Project), Series A, 5%, 9/01/34 (c)	1,500	1,444,920
Roseville, California, Joint Union High School District, GO (Election of 2004), Series A, 5%, 8/01/29 (f)	2,985	2,988,075
Sacramento, California, City Financing Authority, Capital Improvement Revenue Bonds, 5%, 12/01/27 (a)	150	150,966
San Francisco, California, City and County Airport Commission, International Airport, Special Facilities Lease Revenue Bonds (SFO Fuel Company LLC), AMT, Series A, 6.10%, 1/01/20 (e)	1,250	1,260,862
Stockton, California, Public Financing Revenue Bonds (Redevelopment Projects), Series A (g):		

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5.25%, 9/01/31	495	454,687
5.25%, 9/01/34	2,930	2,641,952
Vista, California, COP (Community Projects), 5%, 5/01/37 (c)	5,400	5,231,520

		41,041,496
=====		
Colorado -- 3.9%		
Aurora, Colorado, COP, 5.75%, 12/01/10 (a) (b)	6,285	6,767,625
Colorado HFA, Revenue Refunding Bonds (S/F Program), AMT, Senior Series A-2, 7.50%, 4/01/31	200	208,324
Colorado Health Facilities Authority, Hospital Revenue Refunding Bonds (Poudre Valley Health Care), Series A, 5.75%, 12/01/09 (b) (e)	4,000	4,240,640

		11,216,589
=====		
Connecticut -- 0.5%		
Connecticut State, GO, Refunding, Series D, 5%, 12/01/24 (c)	1,520	1,568,154
=====		
District of Columbia -- 0.9%		
District of Columbia, Deed Tax Revenue Bonds (Housing Production Trust Fund -- New Communities Project), Series A, 5%, 6/01/32 (c)	2,500	2,452,050
=====		
Florida -- 27.0%		
Brevard County, Florida, Health Facilities Authority, Healthcare Facilities Revenue Bonds (Health First Inc. Project), 5%, 4/01/34	2,600	2,352,714
Broward County, Florida, HFA, S/F Mortgage Revenue Refunding Bonds, AMT, Series E, 5.90%, 10/01/39 (h) (i)	2,310	2,310,116
Broward County, Florida, School Board, COP, Series A, 5.25%, 7/01/33 (e)	5,600	5,561,248
Hillsborough County, Florida, HFA, S/F Mortgage Revenue Bonds, AMT, Series 1, 5.375%, 10/01/49 (h) (i)	3,385	3,215,818
Hillsborough County, Florida, IDA, Hospital Revenue Bonds (H. Lee Moffitt Cancer Center Project), Series A, 5.25%, 7/01/37	4,700	4,376,640
Hillsborough County, Florida, IDA, PCR, Refunding (Tampa Electric Company Project), Series B, 5.15%, 9/01/25	1,200	1,217,076
Lee Memorial Health System, Florida, Hospital Revenue Bonds, Series A, 5%, 4/01/32 (a)	5,000	4,824,800
Miami, Florida, Special Obligation Revenue Bonds (Street and Sidewalk Improvement Program), 5%, 1/01/37 (c)	3,500	3,317,055
Miami-Dade County, Florida, Aviation Revenue Bonds, DRIVERS, AMT, Series A, 7.182%, 10/01/11 (e) (j)	34	27,646
Miami-Dade County, Florida, Aviation Revenue Refunding Bonds (Miami International Airport), AMT, Series A (e): 5.25%, 10/01/41	13,800	13,134,288
5.50%, 10/01/41	6,700	6,628,846

Portfolio Abbreviations

To simplify the listings of portfolio holdings in each Fund's Schedule of

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Investments, the names of many of the securities have been abbreviated according to the list on the right.

AMT	Alternative Minimum Tax (subject to)
CABS	Capital Appreciation Bonds
COP	Certificates of Participation
DRIVERS	Derivative Inverse Tax-Exempt Receipts
EDA	Economic Development Authority
GO	General Obligation Bonds
HDA	Housing Development Authority
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
S/F	Single-Family
SIFMA	Securities Industry and Financial Markets Association
VRDN	Variable Rate Demand Notes

See Notes to Financial Statements.

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Schedule of Investments (continued)

BlackRock MuniHoldings Insured Fund II, Inc.
(Percentages shown are based on Net Assets)

	Par (000)	Value
Municipal Bonds		
=====		
Florida (concluded)		
Miami-Dade County, Florida, School Board, COP, Refunding, Series B (k):		
5.25%, 5/01/28	\$ 5,000	\$ 5,018,500
5.25%, 5/01/31	3,600	3,621,528
Miami-Dade County, Florida, School Board, COP, Series A, 5%, 5/01/21 (e)(f)	5,000	5,108,750
Miami-Dade County, Florida, Special Obligation Revenue Bonds, Sub-Series A, 5.24%, 10/01/37 (c)(l)	3,670	652,159
Okaloosa County, Florida, Water and Sewer Revenue Refunding Bonds, 5%, 7/01/36 (e)	2,100	2,096,766
Pasco County, Florida, Half-Cent Sales Tax Revenue Bonds, 5.125%, 12/01/28 (a)	6,300	6,324,318
Saint Johns County, Florida, Water and Sewer Revenue Bonds, CABS, 5.352%, 6/01/31 (a)(l)	5,065	1,336,755
Seminole County, Florida, Water and Sewer Revenue Bonds, 5%, 10/01/31	6,250	6,291,250

		77,416,273
=====		
Idaho -- 0.1%		
Idaho Housing and Finance Association, S/F Mortgage Revenue Bonds, AMT, Series E, 6%, 1/01/32	360	369,763
=====		
Illinois -- 3.7%		
Chicago, Illinois, GO (Neighborhoods Alive 21 Program), Series A, 6%, 7/01/10 (b)(f)	2,185	2,356,173

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Chicago, Illinois, O'Hare International Airport, General Airport Revenue Refunding Bonds, Third Lien, AMT, Series A, 5.75%, 1/01/19 (c)	3,125	3,138,250
Chicago, Illinois, O'Hare International Airport Revenue Bonds, Third Lien, Series A, 5%, 1/01/31 (c)	1,430	1,350,764
Illinois State Finance Authority, Revenue Refunding Bonds (Central DuPage Health System), VRDN, Series B, 2.20%, 11/01/38 (j)	3,500	3,500,000
Lake, Cook, Kane and McHenry Counties, Illinois, Community Unit School District Number 220, GO, 6%, 12/01/20 (f)	125	132,455

		10,477,642
=====		
Indiana -- 5.3%		
Indiana Municipal Power Agency, Power Supply System Revenue Bonds, Series A (c):		
5%, 1/01/37	8,000	7,637,920
5%, 1/01/42	8,000	7,583,760

		15,221,680
=====		
Kansas -- 2.2%		
Kansas State Development Finance Authority, Health Facilities Revenue Bonds (Sisters of Charity Leavenworth), Series J, 6.125%, 12/01/20	3,510	3,672,373
Sedgwick and Shawnee Counties, Kansas, S/F Mortgage Revenue Bonds, AMT, Series A-2, 6.20%, 12/01/33 (i)	2,615	2,648,420

		6,320,793
=====		
Louisiana -- 0.5%		
Louisiana State, Gas and Fuels Tax Revenue Bonds, Series A, 5%, 5/01/41 (f)	1,600	1,554,688
=====		
Michigan -- 3.7%		
Michigan State Hospital Finance Authority, Revenue Refunding Bonds (Mercy-Mount Clemens), Series A, 6%, 5/15/09 (b)(c)	1,000	1,039,990
Michigan State Strategic Fund, Limited Obligation Revenue Refunding Bonds (Detroit Edison Company Pollution Control Project), AMT (m):		
Series A, 5.50%, 6/01/30	2,000	1,824,640
Series C, 5.65%, 9/01/29	5,000	4,558,250
Saint Clair County, Michigan, Economic Revenue Refunding Bonds (Detroit Edison Co. Project), Series AA, 6.40%, 8/01/24 (a)	3,000	3,067,230

		10,490,110
=====		
Minnesota -- 4.7%		
Prior Lake, Minnesota, Independent School District Number 719, GO (e):		
5.50%, 2/01/16	2,555	2,671,252
5.50%, 2/01/17	1,830	1,913,265
5.50%, 2/01/18	3,570	3,732,435
5.50%, 2/01/19	2,840	2,969,220
Sauk Rapids, Minnesota, Independent School District Number 47, GO, Series A, 5.625%, 2/01/18 (c)	2,185	2,330,630

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		13,616,802
=====		
Nevada -- 0.0%		
Nevada Housing Division, S/F Mortgage Revenue		
Bonds, AMT, Series A-2, 6.30%, 4/01/22 (c)	95	96,243
=====		
New Jersey -- 6.1%		
New Jersey EDA, Cigarette Tax Revenue Bonds,		
5.75%, 6/15/34 (k)	6,200	6,354,504
New Jersey EDA, Motor Vehicle Surcharge Revenue		
Bonds, Series A, 5.25%, 7/01/33 (c)	11,000	11,150,150

		17,504,654
=====		
New York -- 5.3%		
Nassau Health Care Corporation, New York, Health		
System Revenue Bonds, 5.75%, 8/01/09 (b) (e)	12,300	13,046,856
Tobacco Settlement Financing Corporation of		
New York Revenue Bonds, Series A-1, 5.25%,		
6/01/21 (a)	2,000	2,051,280

		15,098,136
=====		
North Carolina -- 0.4%		
North Carolina HFA, Home Ownership Revenue		
Bonds, AMT, Series 14-A, 5.35%, 1/01/22 (a)	1,235	1,218,673
=====		
Ohio -- 1.0%		
Aurora, Ohio, City School District, COP, 6.10%,		
12/01/09 (b) (c)	1,745	1,857,971
Kent State University, Ohio, University Revenue		
Bonds, 6%, 5/01/24 (a)	1,000	1,046,720

		2,904,691
=====		
Oklahoma -- 0.9%		
Claremore, Oklahoma, Public Works Authority, Capital		
Improvement Revenue Refunding Bonds, Series A,		
5.25%, 6/01/14 (b) (e)	2,385	2,650,212
=====		
Pennsylvania -- 0.1%		
Washington County, Pennsylvania, Capital Funding		
Authority Revenue Bonds (Capital Projects and		
Equipment Program), 6.15%, 12/01/29 (a)	305	301,047
=====		

See Notes to Financial Statements.

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Schedule of Investments (continued)

BlackRock MuniHoldings Insured Fund II, Inc.
(Percentages shown are based on Net Assets)

	Par	
	(000)	Value
=====		
Municipal Bonds		
=====		
Rhode Island -- 3.7%		
Providence, Rhode Island, Redevelopment Agency		

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Revenue Refunding Bonds (Public Safety and Municipal Buildings), Series A, 5.75%, 4/01/10 (a) (b)	\$ 5,555	\$ 5,928,407
Rhode Island State Health and Educational Building Corporation Revenue Bonds (Rhode Island School of Design), Series D, 5.50%, 8/15/31 (m)	4,685	4,684,859

		10,613,266
=====		
South Carolina -- 5.6%		
South Carolina Housing Finance and Development Authority, Mortgage Revenue Refunding Bonds, AMT, Series A-2, 6.35%, 7/01/19 (e)	1,335	1,372,046
South Carolina State Public Service Authority, Revenue Refunding Bonds, Series A, 5%, 1/01/42 (a)	15,000	14,665,650

		16,037,696
=====		
Tennessee -- 1.3%		
Metropolitan Government of Nashville and Davidson County, Tennessee, Health and Education Facilities Board, Revenue Refunding Bonds (Ascension Health Credit), Series A, 5.875%, 11/15/09 (a) (b)	3,500	3,707,375
=====		
Texas -- 19.9%		
Dallas-Fort Worth, Texas, International Airport, Joint Revenue Bonds, AMT, Series B, 6%, 11/01/23 (c)	1,300	1,305,122
Dallas-Fort Worth, Texas, International Airport Revenue Bonds, AMT, Series A, 5.50%, 11/01/33 (c)	16,000	15,183,680
Dallas-Fort Worth, Texas, International Airport Revenue Refunding and Improvement Bonds, AMT, Series A (m):		
5.875%, 11/01/17	1,835	1,851,130
5.875%, 11/01/18	2,150	2,163,201
5.875%, 11/01/19	2,390	2,395,545
El Paso, Texas, Water and Sewer Revenue Refunding and Improvement Bonds, Series A (e):		
6%, 3/01/15	115	125,792
6%, 3/01/16	170	185,652
6%, 3/01/17	180	196,254
Houston, Texas, Community College System, Participation Interests, COP (Alief Center Project), 5.75%, 8/15/22 (c)	4,341	4,451,431
Midland, Texas, Certificates of Obligation, GO, 6.10%, 3/01/10 (b) (f)	1,850	1,962,461
North Texas Tollway Authority, System Revenue Refunding Bonds (c):		
First Tier, 5.75%, 1/01/40	14,750	15,060,930
First Tier, Series B, 5.75%, 1/01/40	1,000	1,021,080
Series A, 5.625%, 1/01/33	10,975	11,146,759

		57,049,037
=====		
Washington -- 4.7%		
Chelan County, Washington, Public Utility District Number 001, Consolidated Revenue Bonds (Chelan Hydro System), AMT, Series A, 5.45%, 7/01/37 (a)	3,840	3,638,017
Lewis County, Washington, GO, Refunding (a): 5.75%, 12/01/09 (b)	1,805	1,895,990

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5.75%, 12/01/24	1,640	1,693,858
Seattle, Washington, Municipal Light and Power		
Revenue Bonds, 6%, 10/01/09 (b) (c)	2,500	2,645,100
Seattle, Washington, Water System Revenue Bonds,		
Series B, 6%, 7/01/09 (b) (f)	3,500	3,678,990

		13,551,955
=====		
Wisconsin -- 0.4%		
Wisconsin State Health and Educational Facilities		
Authority Revenue Bonds (Blood Center of		
Southeastern Wisconsin Project), 5.75%, 6/01/34	1,250	1,231,700

Puerto Rico -- 2.0%		
Puerto Rico Commonwealth, Public Improvement,		
GO, 5.125%, 7/01/30 (e)	5,725	5,765,532

Total Municipal Bonds -- 125.1%		358,993,948
=====		
Municipal Bonds Transferred to		
Tender Option Bond Trusts (n)		
=====		
California -- 10.7%		
Palomar Pomerado Health Care District, California,		
GO (Election of 2004), Series A, 5.125%,		
8/01/37 (c)	7,364	7,425,081
Sacramento County, California, Airport System		
Revenue Bonds, AMT, Senior Series B, 5.25%,		
7/01/39 (e)	5,353	5,124,651
San Diego, California, Community College District,		
GO (Election of 2002), 5%, 5/01/30 (e)	1,485	1,503,880
San Jose California, 5%, 9/1/30 (c)	3,805	3,828,961
Sequoia, California, Unified High School District, GO,		
Refunding, Series B, 5.50%, 7/01/35 (e)	5,189	5,439,641
Tustin, California, Unified School District, Senior		
Lien Special Tax Bonds (Community Facilities		
District Number 97-1) Series A (e):		
5%, 9/01/32	2,920	2,922,015
5%, 9/01/38	4,620	4,577,219

		30,821,448
=====		
Colorado -- 3.2%		
Colorado Health Facilities Authority Revenue		
Bonds (Catholic Health), Series C-3, 5.10%,		
10/01/41 (e)	9,404	9,314,006
		=====
Florida -- 10.0%		
Jacksonville, Florida, Health Facilities Authority,		
Hospital Revenue Bonds (Baptist Medical		
Center Project), 5%, 8/15/37 (e)	7,740	7,588,760
Lee County, Florida, HFA, S/F Mortgage Revenue		
Bonds (Multi-County Program), AMT, Series A-2,		
6, 9/01/40 (h) (i)	4,500	4,608,495
Miami-Dade County, Florida, Aviation Revenue		
Bonds, AMT, Series A, 5%, 10/01/33 (e)	6,730	6,066,932
Orlando, Florida, Senior Tourist Development Tax		
Revenue Bonds (6th Cent Contract Payments),		
Series A, 5.25%, 11/01/38 (k)	4,000	3,945,920
Saint Petersburg Florida Public Utility Revenue, 5%,		

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10/1/35 (c)	6,492	6,415,417

		28,625,524
=====		

See Notes to Financial Statements.

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Schedule of Investments (concluded)

BlackRock MuniHoldings Insured Fund II, Inc.
(Percentages shown are based on Net Assets)

Municipal Bonds Transferred to Tender Option Bond Trusts (n)	Par (000)	Value
=====		
Georgia -- 2.3%		
Augusta, Georgia, Water and Sewer Revenue Bonds, 5.25%, 10/1/34 (e)	\$ 6,296	\$ 6,477,258
=====		
Illinois -- 6.5%		
Chicago, Illinois, O'Hare International Airport, General Airport Revenue Refunding Bonds, Third Lien, AMT, Series A, 5%, 1/01/38 (e)	15,000	14,648,400
Chicago, Illinois, Water Revenue Refunding Bonds, Second Lien, 5.25%, 11/01/33 (e)	3,972	4,047,898

		18,696,298
=====		
Massachusetts -- 3.7%		
Massachusetts Bay Transportation Authority Massachusetts Sales Tax Revenue Refunding Bonds, Series A, 5%, 7/1/35	5,535	5,537,768
Massachusetts State School Building Authority, Dedicated Sales Tax Revenue Bonds, Series A, 5%, 8/15/30 (e)	4,998	5,036,739

		10,574,507
=====		
New Jersey -- 1.1%		
New Jersey State Turnpike Authority, Turnpike Revenue Bonds, Series C, 5%, 1/01/30 (e)	2,998	3,025,956
=====		
New York -- 2.4%		
New York City, New York, Sales Tax Asset Receivable Corporation Revenue Bonds, Series A, 5.25%, 10/15/27 (a)	6,750	6,987,735
=====		
Washington -- 2.5%		
Bellevue, Washington, 5.5%, 12/1/39 (c)	6,891	7,071,905

Total Municipal Bonds Transferred to Tender Option Bond Trusts -- 42.4%		121,594,637
=====		
Total Long-Term Investments (Cost -- \$488,957,899) -- 167.5%		480,588,585
=====		
=====		
Short-Term Securities	Shares	

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=====		
Merrill Lynch Institutional Tax-Exempt Fund,		
2.08% (o) (p)	24,818,464	24,818,464

Total Short-Term Securities		
(Cost -- \$24,818,464) -- 8.6%		24,818,464
=====		
Total Investments (Cost -- \$513,776,363*) -- 176.1%		505,407,049
Other Assets Less Liabilities -- 1.5%		4,332,953
Liability for Trust Certificates,		
Including Interest Expense and Fees Payable -- (27.0)%		(77,464,217)
Preferred Stock, at Redemption Value -- (50.6)%		(145,342,669)

Net Assets Applicable to Common Stock -- 100.0%		\$ 286,933,116
=====		

* The cost and unrealized appreciation (depreciation) of investments as of July 31, 2008, as computed for federal income tax purposes, were as follows:		
Aggregate cost	\$435,887,084	
=====		
Gross unrealized appreciation	\$ 5,110,064	
Gross unrealized depreciation	(12,774,358)	

Net unrealized depreciation	\$ (7,664,294)	
=====		

- (a) AMBAC Insured.
- (b) U.S. government securities, held in escrow, are used to pay interest on this security as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (c) MBIA Insured.
- (d) FHA Insured.
- (e) FSA Insured.
- (f) FGIC Insured.
- (g) Radian Insured.
- (h) FNMA/GNMA Collateralized.
- (i) FHLMC Collateralized.
- (j) Variable rate security. Rate shown is as of report date. Maturity shown is the final maturity date.
- (k) Assured Guaranty Insured.
- (l) Represents a zero-coupon bond. Rate shown reflects the effective yield at the time of purchase.
- (m) XL Capital Insured.
- (n) Securities represent bonds transferred to a tender option bond trust in exchange for which the Fund acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to tender option bond trusts.
- (o) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

Affiliate	Net Activity	Income

Merrill Lynch Institutional Tax-Exempt Fund	24,498,147	\$304,246

- (p) Represents the current yield as of report date.

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See Notes to Financial Statements.

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Schedule of Investments July 31, 2008 BlackRock MuniYield Insured Fund, Inc.
(Percentages shown are based on Net Assets)

Municipal Bonds	Par (000)	Value
=====		
Alaska -- 0.5%		
Alaska Energy Authority, Power Revenue Refunding Bonds (Bradley Lake), Fourth Series, 6%, 7/01/18 (a)	\$ 3,695	\$ 4,221,722
=====		
Arizona -- 3.5%		
Downtown Phoenix Hotel Corporation, Arizona, Revenue Bonds, Senior Series A, 5%, 7/01/36 (b)	21,355	17,800,247
Maricopa County and Phoenix, Arizona, IDA, S/F Mortgage Revenue Bonds, AMT, Series A-2, 5.80%, 7/01/40 (c) (d)	7,680	7,624,704
Phoenix, Arizona, Civic Improvement Corporation, Wastewater System Revenue Refunding Bonds, 5%, 7/01/37 (e)	5,000	4,924,600

		30,349,551
=====		
California -- 16.9%		
Alameda Corridor Transportation Authority, California, Capital Appreciation Revenue Refunding Bonds, Subordinate Lien, Series A, 5.40%, 10/01/24 (f) (g)	10,000	8,310,600
Antioch, California, Public Finance Authority, Lease Revenue Refunding Bonds (Municipal Facilities Project), Series A, 5.50%, 1/01/32 (e)	5,000	5,112,700
California State, GO, 5.50%, 4/01/30 (e)	10	10,228
California State, GO, Refunding: 5.50%, 8/01/24	4,000	4,236,640
5.25%, 3/01/38	2,000	2,001,400
California State Public Works Board, Lease Revenue Bonds (Department of Corrections), Series C, 5.25%, 6/01/28	5,500	5,530,030
California State University, Revenue Refunding Bonds, DRIVERS, Series 2646Z, 7.186%, 5/01/15 (a) (h)	3	2,521
California Statewide Communities Development Authority Revenue Bonds: (Kaiser Permanente), Series B, 5%, 3/01/41	10,000	9,763,900
(Sutter Health), Series D, 5.05%, 8/15/38 (a)	7,500	7,442,475
Fairfield-Suisun, California, Unified School District, GO (Election of 2002), 5.50%, 8/01/28 (e)	5,800	6,007,408
Los Angeles, California, Municipal Improvement Corporation, Lease Revenue Bonds, Series B1, 4.75%, 8/01/37 (b)	15,000	13,952,550
Mendocino-Lake Community College District, California, GO (Election of 2006), Series A, 5%, 8/01/31 (e)	4,985	4,904,692
Monterey Peninsula Community College District, California, GO, CABS, Series C (a) (g): 5.13%, 8/01/30	13,020	3,829,963

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5.17%, 8/01/33	13,350	3,265,143
Port of Oakland, California, Revenue Refunding		
Bonds, AMT, Series L, 5.375%, 11/01/27 (b) (e)	9,465	9,070,026
Redding, California, Electric System, COP, Series A,		
5%, 6/01/30 (a)	2,900	2,915,486
Riverside, California, Electric Revenue Bonds,		
Series D, 5%, 10/01/33	10,765	10,858,225
Riverside County, California, Public Financing		
Authority, Tax Allocation Revenue Bonds		
(Redevelopment Projects), 5%, 10/01/35 (i)	10,000	8,999,800
Sacramento County, California, Airport System		
Revenue Bonds, AMT, Senior Series A, 5%,		
7/01/41 (a)	18,000	17,798,580
San Jose, California, Airport Revenue Refunding		
Bonds, AMT, Series A, 5.50%, 3/01/32 (f)	12,965	12,613,908
San Mateo, California, Union High School District,		
COP (Phase One Projects), Series B, 4.486%,		
12/15/43 (f) (g)	3,250	1,521,650
Stockton, California, Public Financing Authority,		
Lease Revenue Bonds (Parking & Capital Projects),		
5.25%, 9/01/34 (b)	8,310	8,309,585

		146,457,510
=====		
Colorado -- 0.7%		
Colorado HFA, S/F Mortgage Revenue Refunding		
Bonds, AMT, Series A-3, Class III, 4.80%,		
11/01/37 (e)	7,000	5,669,230
=====		
District of Columbia -- 1.1%		
Metropolitan Washington Airports Authority, D.C.,		
Airport System Revenue Bonds, AMT, Series B, 5%,		
10/01/32 (f)	10,000	9,135,800
=====		
Florida -- 10.4%		
Broward County, Florida, School Board, COP,		
Series A, 5.25%, 7/01/33 (a)	15,000	14,896,200
Miami-Dade County, Florida, Aviation Revenue		
Refunding Bonds (Miami International		
Airport), AMT:		
5.375%, 10/01/25 (b)	10,750	10,228,517
5.375%, 10/01/27 (b)	1,000	939,580
Series A, 5%, 10/01/35 (i) (j)	10,000	9,037,900
Series A, 5%, 10/01/39 (e)	25,000	22,087,750
Series A, 5.50%, 10/01/41 (a)	15,000	14,840,700
Miami-Dade County, Florida, Aviation Revenue		
Refunding Bonds, DRIVERS, AMT, Series 2586Z,		
7.318%, 10/01/15 (h) (i) (j)	37	29,294
Miami-Dade County, Florida, Expressway Authority,		
Toll System Revenue Bonds, 5%, 7/01/39 (f)	9,000	8,630,820
Miami-Dade County, Florida, School Board, COP,		
Refunding, Series B (j):		
5.25%, 5/01/26	5,000	5,087,400
5.25%, 5/01/31	4,125	4,149,667

		89,927,828
=====		
Georgia -- 1.4%		
Main Street Natural Gas, Inc., Georgia, Gas Project		
Revenue Bonds, Series A, 6.25%, 7/15/33	13,170	11,897,515
=====		
Hawaii -- 0.2%		

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Hawaii State, GO, Series CX, 5.50%, 2/01/21 (a)	2,000	2,117,840
=====		
Illinois -- 12.9%		
Chicago, Illinois, O'Hare International Airport		
Revenue Bonds, Third Lien, AMT, Series B-2 (e):		
5.25%, 1/01/27	16,685	15,780,172
6%, 1/01/27	26,230	26,798,929
Illinois Health Facilities Authority Revenue Bonds		
(Delnor Hospital):		
Series B, 5.25%, 5/15/32	6,150	6,149,508
Series D, 5.25%, 5/15/32	10,000	9,999,200
Illinois Municipal Electric Agency, Power Supply		
Revenue Bonds, Series A (b):		
5%, 2/01/35 (e)	25,000	23,904,500
5.25%, 2/01/35	15,000	14,747,100

See Notes to Financial Statements.

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JULY 31, 2008

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Schedule of Investments (continued) BlackRock MuniYield Insured Fund, Inc.
(Percentages shown are based on Net Assets)

	Par (000)	Value
=====		
Municipal Bonds		
Illinois (concluded)		
McLean and Woodford Counties, Illinois, Community		
Unit School District Number 005, GO, Refunding,		
6.375%, 12/01/16 (a)	\$ 1,215	\$ 1,340,109
Northern Illinois Municipal Power Agency, Power		
Project Revenue Refunding Bonds (Prairie State		
Project), Series A, 5%, 1/01/37 (e)	12,000	11,541,960
Regional Transportation Authority, Illinois, Revenue		
Bonds, Series C, 7.75%, 6/01/20 (b)	1,000	1,245,500

		111,506,978
=====		
Indiana -- 1.5%		
Indiana Bond Bank, Special Program Gas Revenue		
Bonds, Series A, 5.25%, 10/15/20	10,955	10,638,072
Indiana Health Facilities Financing Authority,		
Hospital Revenue Bonds (Deaconess Hospital Obligated		
Group), Series A, 5.375%, 3/01/34 (f)	2,250	2,262,262

		12,900,334
=====		
Kentucky -- 2.3%		
Louisville and Jefferson Counties, Kentucky,		
Metropolitan Sewer District, Sewer and Drain		
System Revenue Bonds, Series A, 5.25%,		
5/15/37 (b)	20,005	20,079,418
=====		
Louisiana -- 2.5%		
Louisiana Local Government Environmental Facilities		
and Community Development Authority, Revenue		
Bonds (Capital Projects and Equipment Acquisition		
Program), Series A, 6.30%, 7/01/30 (f)	3,750	3,826,050
Louisiana Public Facilities Authority, Mortgage		
Revenue Refunding Bonds (Baton Rouge General		

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Medical Center Project), 5.25%, 7/01/33 (e)	15,000	14,875,650
New Orleans, Louisiana, GO (Public Improvements), 5%, 10/01/33 (e)	3,545	3,272,992

		21,974,692
=====		
Maryland -- 1.2%		
Baltimore, Maryland, Wastewater Project Revenue Bonds, Series A, 5%, 7/01/38 (a)	10,000	10,030,600
=====		
Massachusetts -- 5.6%		
Boston, Massachusetts, Housing Authority, Capital Program Revenue Bonds (a):		
5%, 4/01/23	2,000	2,060,160
5%, 4/01/27	2,000	2,030,520
5%, 4/01/28	2,720	2,748,914
Massachusetts State, HFA, Housing Development Revenue Refunding Bonds, Series B, 5.40%, 12/01/28 (e)	2,500	2,567,250
Massachusetts State, HFA, S/F Housing Revenue Bonds, AMT, Series 128, 4.875%, 12/01/38 (a)	12,900	10,650,369
Massachusetts State Port Authority, Special Facilities Revenue Refunding Bonds (BOSFUEL Project), AMT, 5%, 7/01/38 (b)	19,755	17,170,453
Massachusetts State Special Obligation Dedicated Tax Revenue Bonds, 5.75%, 1/01/14 (a) (k)	10,000	11,018,200

		48,245,866
=====		
Michigan -- 2.7%		
Michigan Higher Education Student Loan Authority, Student Loan Revenue Bonds, AMT, Series XVII-Q, 5%, 3/01/31 (f)	4,325	3,445,382
Michigan State Strategic Fund, Limited Obligation Revenue Refunding Bonds (Detroit Edison Company Pollution Control Project), AMT (i):		
Series A, 5.50%, 6/01/30	8,000	7,298,560
Series C, 5.65%, 9/01/29	5,000	4,558,250
Michigan State, HDA, Rental Housing Revenue Bonds, AMT, Series B, 4.95%, 4/01/44 (a)	10,000	8,223,700

		23,525,892
=====		
Missouri -- 1.2%		
Missouri State Health and Educational Facilities Authority, Health Facilities Revenue Bonds (Saint Luke's Health System), Series A, 5.50%, 11/15/35	10,000	10,022,500
Missouri State Housing Development Commission, S/F Mortgage Revenue Bonds (Homeownership Loan Program), AMT, Series C-1, 7.15%, 3/01/32 (d)	100	104,899

		10,127,399
=====		
Nevada -- 5.4%		
Clark County, Nevada, Airport System Subordinate Lien Revenue Bonds, Series A-2, 5%, 7/01/30 (b)	25,000	24,127,750
Clark County, Nevada, IDR (Southwest Gas Corporation Project), AMT, Series A, 5.25%, 7/01/34 (f)	12,675	10,308,831
Las Vegas, Nevada, Convention and Visitors Authority Revenue Bonds, 5%, 7/01/37 (f)	11,950	11,524,819

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Reno, Nevada, Capital Improvement Revenue Bonds, 5.50%, 6/01/19 (b)	1,165	1,189,849

		47,151,249
=====		
New Jersey -- 1.8%		
New Jersey EDA, Cigarette Tax Revenue Bonds:		
5.75%, 6/15/29	3,060	2,865,782
5.75%, 6/15/34	14,135	12,979,464

		15,845,246
=====		
New Mexico -- 0.2%		
New Mexico Educational Assistance Foundation, Student Loan Revenue Refunding Bonds (Student Loan Program), AMT, First Sub-Series A-2, 6.65%, 11/01/25	1,605	1,651,304
New Mexico Mortgage Finance Authority, S/F Mortgage Revenue Bonds, AMT, Series C-2, 6.95%, 9/01/31 (d)	335	349,599

		2,000,903
=====		
New York -- 5.8%		
Metropolitan Transportation Authority, New York, Commuter Facilities Revenue Refunding Bonds, Series B, 5.125%, 7/01/24 (f) (1)	5,335	5,396,886
New York City, New York, City Municipal Water Finance Authority, Water and Sewer System, Revenue Refunding Bonds, Series DD, 5%, 6/15/37	10,605	10,661,843

See Notes to Financial Statements.

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Schedule of Investments (continued) BlackRock MuniYield Insured Fund, Inc.
(Percentages shown are based on Net Assets)

	Par (000)	Value
Municipal Bonds		
=====		
New York (concluded)		
New York City, New York, City Transitional Finance Authority, Future Tax Secured, Revenue Refunding Bonds, Sub-Series C-1, 5%, 11/01/27	\$ 5,000	\$ 5,133,800
New York City, New York, GO:		
Series J, 5.25%, 5/15/24	10,000	10,290,500
Series J, 5.25%, 5/15/25	1,000	1,027,010
Series M, 5%, 4/01/30 (j)	15,000	15,108,900
New York State Dormitory Authority, State Supported Debt Revenue Bonds (Mental Health Services Facilities), Series B, 5%, 2/15/28 (a)	2,700	2,731,833

		50,350,772
=====		
Ohio -- 1.7%		
Lorain County, Ohio, Hospital Revenue Refunding Bonds (Catholic Healthcare Partners), Series C-2, 5%, 4/01/33 (a)	15,000	14,893,800
=====		

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Pennsylvania -- 3.2%		
Pennsylvania State Turnpike Commission, Oil		
Franchise Tax Revenue Bonds, Series C, 5%,		
12/01/32 (e)	16,000	15,909,760
Pennsylvania State Turnpike Commission, Turnpike		
Revenue Bonds, Series A1, 5%, 6/01/38 (j)	12,000	11,798,160

		27,707,920
=====		
Rhode Island -- 0.3%		
Rhode Island State Economic Development		
Corporation, Airport Revenue Bonds, AMT,		
Series A, 5.25%, 7/01/38 (j)	3,000	2,782,800
=====		
South Carolina -- 1.9%		
Charleston Educational Excellence Financing		
Corporation, South Carolina, Revenue Bonds		
(Charleston County School District) (j):		
5.25%, 12/01/28	3,895	3,965,850
5.25%, 12/01/29	3,465	3,515,277
5.25%, 12/01/30	1,160	1,173,990
Kershaw County, South Carolina, Public Schools		
Foundation, Installment Power Revenue		
Refunding Bonds (m):		
5%, 12/01/30	3,775	3,575,491
5%, 12/01/31	3,690	3,499,928
South Carolina Housing Finance and Development		
Authority, Mortgage Revenue Refunding Bonds,		
AMT, Series A-2, 6.35%, 7/01/19 (a)	705	724,564

		16,455,100
=====		
Tennessee -- 0.6%		
Tennessee HDA, Revenue Refunding Bonds		
(Homeownership Program), AMT, Series A (a):		
5.25%, 7/01/22	2,975	2,931,595
5.35%, 1/01/26	2,105	2,019,705

		4,951,300
=====		
Texas -- 24.1%		
Canyon, Texas, Regional Water Authority, Contract		
Revenue Bonds (Wells Ranch Project), 5%,		
8/01/32 (f)	8,185	8,028,012
Dallas-Fort Worth, Texas, International Airport,		
Joint Revenue Bonds, AMT, Series A, 5%,		
11/01/35 (a)	1,000	924,430
Dallas-Fort Worth, Texas, International Airport		
Revenue Refunding and Improvement Bonds,		
AMT, Series A, 5.625%, 11/01/26 (b)	15,000	14,541,300
El Paso County, Texas, Hospital District, GO,		
Series A, 5%, 8/15/37 (j)	5,000	4,880,150
Harris County-Houston Sports Authority, Texas,		
Revenue Refunding Bonds, Senior Lien,		
Series G (e):		
5.75%, 11/15/19	1,665	1,707,674
5.75%, 11/15/20	3,500	3,575,845
5.25%, 11/15/30	10,000	9,495,600
Harris County, Texas, Health Facilities Development		
Corporation, Hospital Revenue Bonds (Methodist		
Hospital Project), VRDN, Series C, 2.30%,		
12/01/41 (a) (h)	24,375	24,375,000

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Harris County, Texas, Hospital District, Senior Lien Revenue Refunding Bonds, Series A, 5.25%, 2/15/37 (e)	10,000	9,941,200
Matagorda County, Texas, Navigation District Number 1, PCR, Refunding (Central Power and Light Company Project), AMT, 5.20%, 5/01/30 (e)	6,250	5,776,250
North Texas Tollway Authority, Dallas North Tollway System Revenue Bonds, Series A, 5%, 1/01/15 (a) (k)	5,890	6,288,930
North Texas Tollway Authority, System Revenue Refunding Bonds, First Tier:		
Series A, 6%, 1/01/25	6,250	6,551,813
Series A, 5.125%, 1/01/28 (e)	25,500	24,721,230
Series B, 5.75%, 1/01/40 (e)	10,000	10,210,800
Northside, Texas, Independent School District, GO: 5.25%, 8/15/27	3,295	3,433,291
5%, 8/15/38	10,000	10,007,600
San Antonio Energy Acquisition Public Facilities Corporation, Texas, Gas Supply Revenue Bonds, 5.50%, 8/01/22	9,100	8,798,426
Texas State Department of Housing and Community Affairs, S/F Mortgage Revenue Bonds, AMT, Series A, 5.45%, 9/01/23 (d) (e)	4,705	4,614,758
Texas State Turnpike Authority, Central Texas Turnpike System Revenue Bonds, First Tier, Series A (f): 5.50%, 8/15/39	10,000	10,147,700
5%, 8/15/42	10,000	9,548,800
Texas State University, System Financing Revenue Refunding Bonds:		
5.25%, 3/15/24	9,000	9,421,740
5.25%, 3/15/25	9,000	9,372,060
5.25%, 3/15/26	10,000	10,382,000
5.25%, 3/15/27	1,350	1,395,252

		208,139,861
=====		

See Notes to Financial Statements.

ANNUAL REPORT

JULY 31, 2008

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Schedule of Investments (continued) BlackRock MuniYield Insured Fund, Inc.
(Percentages shown are based on Net Assets)

	Par (000)	Value
Municipal Bonds		
=====		
Vermont -- 0.4%		
Vermont HFA, Revenue Refunding Bonds, AMT, Series C, 5.50%, 11/01/38 (a)	\$ 3,000	\$ 2,775,810
Vermont HFA, S/F Housing Revenue Bonds, AMT, Series 12B, 6.30%, 11/01/19 (a)	415	420,752

		3,196,562
=====		
Virginia -- 0.3%		
Halifax County, Virginia, IDA, Exempt Facility Revenue Refunding Bonds (Old Dominion Electric Cooperative Project), AMT, 5.625%, 6/01/28 (f)	2,500	2,495,350
=====		

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Washington -- 6.8%		
Bellevue, Washington, GO, Refunding (e):		
5.25%, 12/01/26	2,545	2,620,739
5.25%, 12/01/27	2,455	2,513,208
5.25%, 12/01/28	2,850	2,908,225
5.25%, 12/01/29	3,000	3,051,480
Chelan County, Washington, Public Utility District		
Number 001, Consolidated Revenue Bonds		
(Chelan Hydro System), AMT:		
Series A, 5.45%, 7/01/37 (f)	3,030	2,870,622
Series C, 5.65%, 7/01/32 (e)	6,000	5,976,300
Port of Seattle, Washington, Revenue Bonds,		
RIB, AMT, Series 2553, 7.284%,		
1/01/12 (e) (h)	3	2,089
Radford Court Properties, Washington, Student		
Housing Revenue Bonds, 5.75%, 6/01/32 (e)	10,000	10,369,600
Seattle, Washington, Housing Authority Revenue		
Bonds (High Rise Rehabilitation Program --		
Phase 3), AMT, 5.15%, 11/01/27 (a)	6,255	5,803,702
Skagit County, Washington, Public Hospital District,		
GO, Series A (e):		
5.25%, 12/01/25	4,945	4,976,401
5.25%, 12/01/26	5,450	5,464,116
Tacoma, Washington, Regional Water Supply System,		
Water Revenue Bonds, 5%, 12/01/32 (e)	5,300	5,248,113
Washington State Health Care Facilities Authority		
Revenue Bonds (Providence Health System),		
Series A, 5.25%, 10/01/21 (e)	7,000	7,200,900

		59,005,495
=====		
West Virginia -- 0.7%		
Harrison County, West Virginia, County Commission		
for Solid Waste Disposal Revenue Bonds		
(Monongahela Power), AMT, Series C, 6.75%,		
8/01/24 (f)	5,925	5,937,916
=====		
Wisconsin -- 0.4%		
Wisconsin State Health and Educational Facilities		
Authority Revenue Bonds (SynergyHealth Inc.),		
6%, 11/15/32	3,395	3,373,170

Total Municipal Bonds -- 118.2%		1,022,455,619
=====		
=====		
Municipal Bonds Transferred to		
Tender Option Bond Trusts (n)		
=====		
California -- 13.1%		
Alameda County, California, Joint Powers Authority,		
Lease Revenue Refunding Bonds, 5%,		
12/01/34 (a)	6,990	6,911,782
California State University, Systemwide Revenue		
Refunding Bonds, Series A, 5%, 11/01/16 (f)	18,435	18,511,321
California Statewide Communities Development		
Authority Revenue Bonds (Saint Joseph		
Home Care), Series E, 5.25%, 7/01/47 (a)	12,000	12,026,160
Las Virgenes, California, Unified School District, GO,		
Series A, 5%, 8/01/31 (a)	10,000	10,098,547
Los Angeles California Community College District,		
5%, 8/01/32 (a)	15,000	15,195,300

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Orange County, California, Sanitation District, COP, Series B, 5%, 2/01/37 (a)	10,780	10,699,042
Riverside California Electric Revenue Bonds, 5%, 10/01/38 (a)	20,000	20,077,800
San Diego County, California, Water Authority, Water Revenue Refunding Bonds, COP, Series A, 5%, 5/01/33 (a)	9,375	9,468,000
San Francisco, California, Bay Area Rapid Transit District, Sales Tax Revenue Bonds, 5%, 7/01/36 (a)	10,000	10,086,241

		113,074,193
=====		
Colorado -- 0.8%		
Colorado Health Facilities Authority, Revenue Refunding Bonds (Poudre Valley Health Care), Series C, 5.25%, 3/01/40 (a)	7,004	7,001,065
=====		
Connecticut -- 0.6%		
Connecticut State Health and Educational Facilities Authority Revenue Bonds (Yale University), Series T-1, 4.70%, 7/01/29	5,009	5,007,796
=====		
Florida -- 3.2%		
Miami-Dade County, Florida, Aviation Revenue Refunding Bonds (Miami International Airport), AMT, 5%, 10/01/40 (i) (j)	15,000	13,085,029
Orlando, Florida, Senior Tourist Development Tax Revenue Bonds (6th Cent Contract Payments), Series A, 5.25%, 11/01/38 (j)	15,000	14,797,200

		27,882,229
=====		
Georgia -- 2.6%		
Atlanta, Georgia, Airport General Revenue Refunding Bonds, Series B, 5.25%, 1/01/33 (a)	12,500	12,651,492
Metropolitan Atlanta Rapid Transportation Authority, Georgia Sale Tax Fund Revenue Bonds, Series B, 5%, 7/01/37 (a)	10,000	10,136,066

		22,787,558
=====		

See Notes to Financial Statements.

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Schedule of Investments (continued) BlackRock MuniYield Insured Fund, Inc.
(Percentages shown are based on Net Assets)

Municipal Bonds Transferred to Tender Option Bond Trusts (n)	Par (000)	Value
=====		
Illinois -- 2.4%		
Chicago, Illinois, O'Hare International Airport Revenue Refunding Bonds, Third Lien, AMT, Series C-2, 5.25%, 1/01/30 (a)	\$16,400	\$ 15,551,136
Metropolitan Pier and Exposition Authority, Illinois, Dedicated State Tax Revenue Refunding Bonds (McCormick Place Expansion Project), Series B,		

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5.75%, 6/15/23 (e)	4,798	5,127,136

		20,678,272
=====		
Indiana -- 1.3%		
Indianapolis, Indiana, Gas Utility Revenue Refunding Bonds, Second Lien, Series B, 5.25%, 8/15/27 (j)	11,000	11,145,420
=====		
Louisiana -- 2.7%		
Louisiana State Gas and Fuels Tax Revenue Bonds, Series A, 5%, 5/01/36 (a)	10,005	9,944,770
New Orleans, Louisiana, Aviation Board Revenue Bonds, AMT, Series A, 5.25%, 1/01/32 (a)	14,030	13,270,697

		23,215,467
=====		
Massachusetts -- 1.4%		
Massachusetts State, Housing Finance Agency Housing Revenue Bonds, Series A, 5.15%, 7/01/26 (a)	11,915	11,824,012
=====		
Michigan -- 0.5%		
Wayne County, Michigan, Airport Authority, Revenue Refunding Bonds, AMT, 5.375%, 12/01/32 (j)	4,995	4,885,160
=====		
New Jersey -- 1.3%		
Garden State Preservation Trust of New Jersey, Open Space and Farmland Preservation Revenue Bonds, Series A, 5.75%, 11/01/28 (a) (o)	10,000	11,417,900
=====		
New York -- 5.7%		
New York State Dormitory Authority, Non-State Supported Debt Revenue Bonds (Presbyterian Hospital of New York), 5.25, 2/15/31 (a)	20,000	20,236,600
New York State Dormitory Authority Revenue Bonds, Non State Supported Debt, 5%, 8/15/36 (a) (o)	10,000	9,880,839
Port Authority of New York and New Jersey, Consolidated Revenue Bonds, AMT, 137th Series, 5.125%, 7/15/30 (a)	19,492	19,176,144

		49,293,583
=====		
Ohio -- 0.5%		
Montgomery County, Ohio, Revenue Bonds, Series C, 5%, 10/01/41 (a)	4,993	4,865,830
=====		
Pennsylvania -- 1.9%		
Pennsylvania State Turnpike Commission, Turnpike Revenue Bonds, Series A, 5.50%, 12/01/31 (f)	15,600	16,111,836
=====		
Texas -- 5.0%		
Friendswood, Texas, Independent School District, GO, 5%, 2/15/37	12,955	12,818,658
Houston Texas Independent School District, 5%, 2/15/23	10,000	9,971,684
Houston Texas Utility System Revenue Refunding -- Comb-First Lien-Series A, 5%, 11/15/36 (a)	10,695	10,566,553
Judson, Texas, Independent School District, School Building, GO, 5%, 2/01/37 (j)	10,000	9,791,594

		43,148,489
=====		

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Virginia -- 0.4%		
University of Virginia Revenue Bonds, 11.05%, 6/01/40	3,945	4,018,417
=====		
Washington -- 11.1%		
Bellevue, Washington, GO, Refunding, Series 2736-1, 10.65%, 12/01/34 (e)	17,600	17,471,269
Central Puget Sound Regional Transportation Authority, Washington, Sales and Use Tax Revenue Bonds, Series A, 5%, 11/01/34 (a)	17,000	16,942,060
King County, Washington, Public Hospital District Number 001, GO, Refunding, Series A, 5%, 12/01/37 (j)	15,000	14,528,100
King County, Washington, Sewer Revenue Revenue Bonds, 5%, 1/01/37 (a)	15,785	15,736,823
Port of Seattle, Washington, Revenue Refunding Bonds, AMT, Series B, 5.20%, 7/01/29 (e)	20,565	18,874,763
Washington State, 5%, 7/01/31 (a)	12,035	12,097,031

		95,650,046

Total Municipal Bonds Transferred to Tender Option Bond Trusts -- 54.5%		472,007,273
=====		
Total Long-Term Investments (Cost -- \$1,538,903,204) -- 172.7%		1,494,462,892
=====		
=====		
Short-Term Securities	Shares	
=====		
Merrill Lynch Institutional Tax-Exempt Fund, 2.08% (p) (q)	26,154,406	26,154,406

Total Short-Term Securities (Cost -- \$26,154,406) -- 3.0%		26,154,406
=====		
Total Investments (Cost -- \$1,565,057,610*) -- 175.7%		1,520,617,298
Other Assets Less Liabilities -- 1.2%		10,818,060
Liability for Trust Certificates, Including Interest Expense and Fees Payable -- (33.3)%		(288,548,552)
Preferred Stock, at Redemption Value -- (43.6)%		(377,439,884)

Net Assets Applicable to Common Stock -- 100.0%		\$ 865,446,922
		=====

See Notes to Financial Statements.

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JULY 31, 2008

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Schedule of Investments (concluded)

BlackRock MuniYield Insured Fund, Inc.

* The cost and unrealized appreciation (depreciation) of investments as of July 31, 2008, as computed for federal income tax purposes, were as follows:
Aggregate cost \$ 1,286,910,513

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Gross unrealized appreciation	\$ 5,882,087
Gross unrealized depreciation	(59,806,410)
Net unrealized depreciation	\$ (53,924,323)

- (a) FSA Insured.
- (b) FGIC Insured.
- (c) FHLMC Collateralized.
- (d) FNMA/GNMA Collateralized.
- (e) MBIA Insured.
- (f) AMBAC Insured.
- (g) Represents a zero-coupon bond. Rate shown reflects the effective yield at the time of purchase.
- (h) Variable rate security. Rate shown is as of report date. Maturity shown is the final maturity date.
- (i) XL Capital Insured.
- (j) Assured Guaranty Insured.
- (k) U.S. government securities, held in escrow, are used to pay interest on this security as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (l) Security is collateralized by Municipal or U.S. Treasury Obligations.
- (m) CIFG Insured.
- (n) Securities represent bonds transferred to a tender option bond trust in exchange for which the Fund acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to tender option bond trusts.
- (o) FHA Insured.
- (p) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

Affiliate	Net Activity	Income
Merrill Lynch Institutional Tax-Exempt Fund	21,252,053	\$460,001

- (q) Represents the current yield as of report date.
- o Forward interest rate swaps outstanding as of July 31, 2008 were as follows:

	Notional Amount (000)	Unrealized Depreciation
Pay a fixed rate of 3.913% and receive a floating rate based on 1-Week SIFMA Rate		
Broker, JPMorgan Chase		
Expires October 2028	\$125,000	\$(1,951,000)

See Notes to Financial Statements.

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July 31, 2008

Assets

Investments at value -- unaffiliated 1
Investments at value -- affiliated 2
Cash
Interest receivable
Investment sold receivable
Dividends from affiliates
Prepaid expenses
Other assets

Total assets

Accrued Liabilities

Unrealized depreciation on forward interest rate swaps
Interest expense and fees payable
Investments purchased payable
Income dividends payable -- common shares
Investment advisory fees payable
Officer's and Directors' payable
Other affiliates payable
Accrued expenses payable

Total accrued liabilities

Other Liabilities

Trust certificates 3

Total Liabilities

Preferred Stock at Redemption Value

Preferred Stock, at \$0.10 par value per share at \$25,000 per share liquidation preference 4,5 ..

Net Assets Applicable to Common Stock

Net assets applicable to Common Stock

See Notes to Financial Statements.

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JULY 31, 2008

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Statements of Assets and Liabilities (concluded)

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July 31, 2008

Net Assets Applicable to Common Stock Consist of

Common Stock, par value \$0.10 per share 6	\$
Paid-in capital in excess of par	
Undistributed net investment income	
Accumulated net realized loss	
Net unrealized appreciation/depreciation	
Net Assets Applicable to Common Stock	\$
Net asset value per share of Common Stock	\$
1 Investments at cost -- unaffiliated	\$
2 Investments at cost -- affiliated	\$
3 Represents short-term floating rate certificates issued by tender option bond trusts.	
4 Preferred Stock issued and outstanding:	
Series A Shares	
Series B Shares	
Series C Shares	
Series D Shares	
Series E Shares	
Series F Shares	
Series G Shares	
Series H Shares	
Series I Shares	
5 Preferred Stock authorized	
6 Common Stock issued and outstanding	

See Notes to Financial Statements.

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JULY 31, 2008

Statements of Operations

BlackRock MuniHoldings
Insured Fund II, Inc.

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	Period Oct. 1, 2007 to July 31, 2008	Year Ended September 30, 2007
Investment Income		
Interest	\$ 20,762,994	\$ 26,030,731
Income from affiliates	304,246	339,612
Total income	21,067,240	26,370,343
Expenses		
Investment advisory	2,327,048	2,831,673
Commissions for Preferred Stock	419,891	521,380
Accounting services	119,396	158,040
Professional	135,707	83,760
Transfer agent	21,669	60,099
Printing	35,194	51,114
Custodian	25,298	29,588
Officer and Directors	24,084	24,731
Registration	8,811	9,436
Miscellaneous	73,924	77,652
Total expenses excluding interest expense and fees	3,191,022	3,847,473
Interest expense and fees 1	786,838	1,151,782
Total expenses	3,977,860	4,999,255
Less fees waived by advisor	(243,738)	(220,257)
Less fees paid indirectly	(128)	--
Total expenses after waiver and fees paid indirectly	3,733,994	4,778,998
Net investment income	17,333,246	21,591,345
Realized and Unrealized Gain (Loss)		
Net realized gain (loss) from:		
Investments	(975,689)	2,069,420
Futures and swaps	--	(616,000)
	(975,689)	1,453,420
Net change in unrealized appreciation/depreciation on:		
Investments	(19,379,156)	(11,557,931)
Futures and swaps	--	260,075
	(19,379,156)	(11,297,856)
Total realized and unrealized loss	(20,354,845)	(9,844,436)
Dividends to Preferred Stock Shareholders From		
Net investment income	(5,637,611)	(7,380,240)
Net Increase (Decrease) in Net Assets Applicable to Common Stock Shareholders Resulting from Operations	\$ (8,659,210)	\$ 4,366,669

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1 Related to tender option bond trusts.

See Notes to Financial Statements.

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Statements of Changes in Net Assets

BlackRock MuniHoldings Insured Fund II, Inc.

	Period Oct. 1, 2007 to July 31, 2008
Increase (Decrease) in Net Assets:	
Operations	
Net investment income	\$ 17,333,246
Net realized gain (loss)	(975,689)
Net change in unrealized appreciation/depreciation	(19,379,156)
Dividends to Preferred Stock shareholders from net investment income	(5,637,611)
Net increase (decrease) in net assets applicable to Common Stock shareholders resulting from operations	(8,659,210)
Dividends to Common Stock Shareholders From	
Net investment income	(11,176,213)
Net Assets Applicable to Common Stock Shareholders	
Total decrease in net assets applicable to Common Stock	(19,835,423)
Beginning of period	306,768,539
End of period	\$ 286,933,116
End of period undistributed net investment income	\$ 1,930,588

See Notes to Financial Statements.

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ANNUAL REPORT

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Statements of Changes in Net Assets

BlackRock MuniYield Insured Fund, Inc.

Period
November 1,
2007 to July 31,

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Increase (Decrease) in Net Assets:	2008	
Operations		
Net investment income	\$ 46,868,985	\$
Net realized loss	(25,129,148)	
Net change in unrealized appreciation/depreciation	(88,495,600)	
Dividends and distributions to Preferred Stock shareholders from:		
Net investment income	(14,617,148)	
Net realized gain	--	
Net increase (decrease) in net assets applicable to Common Stock shareholders resulting from operations	(81,372,911)	
Dividends and Distributions to Common Stock Shareholders From		
Net investment income	(33,920,775)	
Net realized gain	--	
Decrease in net assets resulting from dividends and distributions to Common Stock shareholders	(33,920,775)	
Net Assets Applicable to Common Stock Shareholders		
Total increase (decrease) in net assets applicable to Common Stock	(115,293,686)	
Beginning of period	980,740,608	
End of period	\$ 865,446,922	\$
End of period undistributed net investment income	\$ 5,152,178	\$

See Notes to Financial Statements.

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JULY 31, 2008

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Statement of Cash Flows

BlackRock MuniYield Insured Fund, Inc.

Cash Provided by Operating Activities

Net decrease in net assets resulting from operations, excluding dividends to Preferred Stock shareholders
Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided by operating activities:

- Decrease in receivables
- Increase in prepaid expenses and other assets
- Decrease in other liabilities
- Net realized and unrealized loss
- Amortization of premium and discount on investments
- Proceeds from sales and paydowns of long-term securities

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Purchases of long-term securities
 Net purchases of short-term investments
 Cash provided by operating activities

===== Cash Used for Financing Activities

 Payments on redemption of Preferred Stock
 Cash receipts from Trust Certificates
 Cash payments from Trust Certificates
 Cash dividends paid to Common Stock shareholders
 Cash dividends paid to Preferred Stock shareholders
 Cash used for financing activities

===== Cash

 Net increase in cash
 Cash at beginning of period
 Cash at end of period

See Notes to Financial Statements.

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JULY 31, 2008

Financial Highlights

BlackRock MuniHoldings Insured Fund II, Inc.

Period
 October 1,
 2007
 to July 31,
 2008

===== Per Share Operating Performance

 Net asset value, beginning of period \$ 13.72
 Net investment income 1 0.78
 Net realized and unrealized gain (loss) (0.91
 Dividends to Preferred Stock shareholders from net investment income (0.25
 Net increase (decrease) from investment operations (0.38
 Dividends to Common Stock shareholders from net investment income (0.50
 Net asset value, end of period \$ 12.84
 Market price, end of period \$ 11.30
 =====

 Total Investment Return 3

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=====

Ratios to Average Net Assets Applicable to Common Stock

Total expenses after waiver and fees paid indirectly and excluding interest expense and fees 5,6	1.15
Total expenses after waiver and fees paid indirectly 5	1.32
Total expenses after waiver and before fees paid indirectly 5	1.32
Total expenses 5	1.38
Net investment income 5	6.72
Dividends to Preferred Stock shareholders	1.27
Net investment income to Common Stock shareholders	5.45

=====

Supplemental Data

Net assets applicable to Common Stock, end of period (000)	\$ 318,044
Preferred Stock outstanding at liquidation preference, end of period (000)	\$ 204,500
Portfolio turnover	46
Asset coverage end of period per \$1,000	\$ 2,555

- 1 Based on average shares outstanding.
- 2 Amount is less than \$(0.01) per share.
- 3 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.
- 4 Aggregate total investment return.
- 5 Do not reflect the effect of dividends to Preferred Stock shareholders.
- 6 Interest expense and fees relate to tender option bond trusts. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to tender option bond trusts.
- 7 Annualized.

See Notes to Financial Statements.

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Financial Highlights

BlackRock MuniYield Insured Fund, Inc.

Period
November 1
2007
to July 31
2008

=====

Per Share Operating Performance

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Net asset value, beginning of period	\$ 14.57
Net investment income 1	0.70
Net realized and unrealized gain (loss)	(1.69)
Dividends and distributions to Preferred Stock shareholders from:	
Net investment income	(0.22)
Net realized gain	--
Net increase (decrease) from investment operations	(1.21)
Dividends and distributions to Common Stock shareholders from:	
Net investment income	(0.50)
Net realized gain	--
Total dividends and distributions to Common Stock shareholders	(0.50)
Capital charges with respect to issuance of Preferred Stock	--
Net asset value, end of period	\$ 12.86
Market price, end of period	\$ 12.22
=====	
Total Investment Return 3	
Based on net asset value	(8.22)
Based on market price	(2.55)
=====	
Ratios to Average Net Assets of Common Stock	
Total expenses after waiver and fees paid indirectly and excluding interest expense and fees 5,6	1.06
Total expenses after waiver and fees paid indirectly 5	1.63
Total expenses after waiver and before fees paid indirectly 5	1.63
Total expenses 5	1.64
Net investment income 5	6.51
Dividends to Preferred Stock shareholders	2.03
Net investment income to Common Stock shareholders	4.48
=====	
Supplemental Data	
Net assets applicable to Common Stock, end of period (000)	\$ 865,447
Preferred Stock outstanding at liquidation preference, end of period (000)	\$ 377,175
Portfolio turnover	70
Asset coverage end of period per \$1,000	\$ 3,295
=====	

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	2005
=====	
Per Share Operating Performance	

Net asset value, beginning of period	\$ 15.59

Net investment income 1	1.04
Net realized and unrealized gain (loss)	(0.22)
Dividends and distributions to Preferred Stock shareholders from:	
Net investment income	(0.16)
Net realized gain	(0.02)

Net increase (decrease) from investment operations	0.64

Dividends and distributions to Common Stock shareholders from:	
Net investment income	(0.95)
Net realized gain	(0.01)

Total dividends and distributions to Common Stock shareholders	(0.96)

Capital charges with respect to issuance of Preferred Stock	--

Net asset value, end of period	\$ 15.27
=====	
Market price, end of period	\$ 14.70
=====	
Total Investment Return 3	

Based on net asset value	4.54
=====	
Based on market price	7.69
=====	
Ratios to Average Net Assets of Common Stock	

Total expenses after waiver and fees paid indirectly and excluding interest expense and fees 5,6	1.01
=====	
Total expenses after waiver and fees paid indirectly 5	1.60
=====	
Total expenses after waiver and before fees paid indirectly 5	1.60
=====	
Total expenses 5	1.60
=====	
Net investment income 5	6.62
=====	
Dividends to Preferred Stock shareholders	1.05
=====	
Net investment income to Common Stock shareholders	5.57
=====	
Supplemental Data	

Net assets applicable to Common Stock, end of period (000)	\$1,028,022
=====	
Preferred Stock outstanding at liquidation preference, end of period (000)	\$ 570,000
=====	
Portfolio turnover	105

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Asset coverage end of period per \$1,000

=====

\$ 2,804

=====

- 1 Based on average shares outstanding.
- 2 Amount is less than \$0.01 per share.
- 3 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.
- 4 Aggregate total investment return.
- 5 Do not reflect the effect of dividends to Preferred Stock shareholders.
- 6 Interest expense and fees relate to tender option bond trusts. See Note 1 of the Notes to Financial Statements for details of municipal bonds transferred to tender option bond trusts.
- 7 Annualized.

See Notes to Financial Statements.

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Notes to Financial Statements

1. Significant Accounting Policies:

BlackRock MuniHoldings Insured Fund II, Inc. and BlackRock MuniYield Insured Fund, Inc. (the "Funds" or individually as the "Fund"), are registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as non-diversified, closed-end management investment companies. The Funds' financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, which may require the use of management accruals and estimates. Actual results may differ from these estimates. The Funds recently changed their fiscal year end to July 31. The Funds determine, and make available for publication, the net asset values of their Common Stock on a daily basis.

The following is a summary of significant accounting policies followed by the Funds:

Valuation of Investments: Municipal investments (including commitments to purchase such investments on a "when-issued" basis) are valued on the basis of prices provided by dealers or pricing services selected under the supervision of each Fund's Board of Directors (the "Board"). In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrixes, market transactions in comparable investments and various relationships between investments. Financial futures contracts traded on exchanges are valued at their last sale price. Swaps are valued by quoted fair values received daily by each Fund's pricing service or through brokers. Short-term securities are valued at amortized cost. Investments in open-end investment companies are valued at net asset value each business day

In the event that application of these methods of valuation results in a price for an investment which is deemed not to be representative of the market value of such investment, the investment will be valued by a method approved by the Board as reflecting fair value ("Fair Value Assets"). When determining the price for Fair Value Assets, the investment advisor and/or sub-advisor seeks to determine the price that the Funds might reasonably expect to receive from the current sale of that asset in an arm's-length transaction. Fair value

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determinations shall be based upon all available factors that the investment advisor and/or sub-advisor deems relevant. The pricing of all Fair Value Assets is subsequently reported to the Board or a committee thereof.

Derivative Financial Instruments: The Funds may engage in various portfolio investment strategies both to increase the return of the Funds and to hedge, or protect, their exposure to interest rate movements and movements in the securities markets. Losses may arise if the value of the contract decreases due to an unfavorable change in the price of the underlying security or if the counterparty does not perform under the contract.

- o Financial futures contracts -- Each Fund may purchase or sell financial futures contracts and options on such financial 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 margin variation 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 Forward interest rate swaps -- Each 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. Changes in the value of the forward interest rate swap are recognized as unrealized gains and losses. When the agreement is closed, the Funds record a realized gain or loss in an amount equal to the value of the agreement. The Funds generally intend to close each forward interest rate swap before the effective date specified in the agreement and therefore avoid entering into the interest rate swap underlying each forward interest rate swap.

Forward Commitments and When-Issued Delayed Delivery Securities: The Funds may purchase securities on a when-issued basis and may purchase or sell securities on a forward commitment basis. Settlement of such transactions normally occurs within a month or more after the purchase or sale commitment is made. The Funds may purchase securities under such conditions only with the intention of actually acquiring them, but may enter into a separate agreement to sell the securities before the settlement date. Since the value of securities purchased may fluctuate prior to settlement, the Funds may be required to pay more at settlement than the security is worth. In addition, the purchaser is not entitled to any of the interest earned prior to settlement. Upon making a commitment to purchase a security on a when-issued basis, the Funds will hold liquid assets worth at least the equivalent of the amount due.

Municipal Bonds Transferred to Tender Option Bond Trusts: The Funds leverage their assets through the use of tender option bond trusts ("TOBs"). A TOB is established by a third party sponsor forming a special purpose entity, into which one or more funds, or an agent on behalf of the funds, transfers municipal securities. Other funds managed by the investment advisor may also contribute municipal securities to a TOB into which each Fund has contributed securities. A TOB typically issues two classes of beneficial interests: short-term floating rate certificates, which are sold to third party investors, and residual certificates ("TOB Residuals"), which are generally issued to the participating fund that made the transfer. The TOB Residuals held by the Funds includes the right of each Fund (1) to cause the holders of a proportional share of the floating rate certificates to tender their certificates at par, and (2) to

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transfer, within

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Notes to Financial Statements (continued)

seven days, a corresponding share of the municipal securities from the TOB to the Fund. The cash received by the TOB from the sale of the short-term floating rate certificates, less transaction expenses, is paid to the Fund, which typically invests the cash in additional municipal securities. Each Fund's transfer of the municipal securities to a TOB is accounted for as a secured borrowing, therefore the municipal securities deposited into a TOB are presented in the Funds' Schedules of Investments and the proceeds from the transaction are reported as a liability of the Funds.

Interest income from the underlying security is recorded by the Funds on an accrual basis. Interest expense incurred on the secured borrowing and other expenses related to remarketing, administration and trustee services to a TOB are reported as expenses of the Funds. The floating rate certificates have interest rates that generally reset weekly and their holders have the option to tender certificates to the TOB for redemption at par at each reset date. At July 31, 2008, the aggregate value of the underlying municipal securities transferred to TOBs, the related liability for trust certificates and the range of interest rates were as follows:

	Underlying Municipal Securities Transferred to TOBs	Liability for Trust Certificates	Range of Interest Rates
BlackRock MuniHoldings			
Insured Fund II, Inc.	\$121,594,637	\$ 77,184,259	1.536% -- 2.719%
BlackRock MuniYield			
Insured Fund, Inc.	\$472,007,273	\$287,631,108	1.685% -- 2.618%

Financial transactions executed through TOBs generally will underperform the market for fixed rate municipal bonds in a rising interest rate environment, but tend to outperform the market for fixed rate bonds when interest rates decline or remain relatively stable. Should short-term interest rates rise, each Fund's investment in TOBs likely will adversely affect each Fund's investment income and dividends to common stock shareholders. Fluctuations in the market value of municipal securities deposited into the TOB may adversely affect each Fund's net asset value per share.

Zero-Coupon Bonds: The Funds may invest in zero-coupon bonds, which are normally issued at a significant discount from face value and do not provide for periodic interest payments. Zero-coupon bonds may experience greater volatility in market value than similar maturity debt obligations which provide for regular interest payments.

Segregation: In cases in which the 1940 Act and the interpretive positions of the Securities and Exchange Commission ("SEC") require that the Funds segregate assets in connection with certain investments (e.g., futures and swaps) and certain borrowings, each Fund will, consistent with certain interpretive letters issued by the SEC, designate on its books and records cash or other liquid debt securities having a market value at least equal to the amount that would otherwise be required to be physically segregated.

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Investment Transactions and Investment Income: Investment 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 method. The Funds amortize all premiums and discounts on debt securities.

Dividends and Distributions: Dividends from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates. Dividends and distributions to preferred shareholders are accrued and determined as described in Note 4.

Income Taxes: It is each 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.

Effective March 31 and April 30, 2008, BlackRock MuniHoldings Insured Fund II, Inc. and BlackRock MuniYield Insured Fund, Inc., respectively, implemented Financial Accounting Standards Board ("FASB") Interpretation No. 48, "Accounting for Uncertainty in Income Taxes -- an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 prescribes the minimum recognition threshold a tax position must meet in connection with accounting for uncertainties in income tax positions taken or expected to be taken by an entity, including investment companies, before being measured and recognized in the financial statements. The investment advisor has evaluated the application of FIN 48 to each Fund, and has determined that the adoption of FIN 48 does not have a material impact on each Fund's financial statements. The Funds file U.S. federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on BlackRock MuniHoldings Insured Fund II, Inc. and BlackRock MuniYield Insured Fund, Inc.'s U.S. federal tax returns remains open for the years ended September 30, 2005 through September 30, 2007 and October 31, 2005 through October 31, 2007, respectively. The statutes of limitations on each Fund's state and local tax returns may remain open for an additional year depending upon the jurisdiction.

Recent Accounting Pronouncements: In September 2006, Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("FAS 157"), was issued and is effective for fiscal years beginning after November 15, 2007. FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The impact on each Fund's financial statement disclosures, if any, is currently being assessed.

In addition, in February 2007, Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("FAS 159"), was issued and is effective for fiscal years beginning after November 15, 2007. FAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value

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Notes to Financial Statements (continued)

that are not currently required to be measured at fair value. FAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. The impact on each Fund's financial statement disclosures, if any, is currently being assessed.

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In March 2008, Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activities -- an amendment of FASB Statement No. 133" ("FAS 161"), was issued and is effective for fiscal years beginning after November 15, 2008. FAS 161 is intended to improve financial reporting for derivative instruments by requiring enhanced disclosure that enables investors to understand how and why an entity uses derivatives, how derivatives are accounted for, and how derivative instruments affect an entity's results of operations and financial position. The impact on each Fund's financial statement disclosures, if any, is currently being assessed.

Deferred Compensation and BlackRock Closed-End Share Equivalent Investment Plan: Under the deferred compensation plan approved by each Fund's Board, non-interested Directors ("Independent Directors") may defer a portion of their annual complex-wide compensation. Deferred amounts earn an approximate return as though equivalent dollar amounts have been invested in common shares of other certain BlackRock Closed-End Funds selected by the Independent Directors. This has approximately the same economic effect for the Independent Directors as if the Independent Directors had invested the deferred amounts directly in other certain BlackRock Closed-End Funds.

The deferred compensation plan is not funded and obligations thereunder represent general unsecured claims against the general assets of each Fund. Each Fund may, however elect to invest in common stock of other certain BlackRock Closed-End Funds selected by the Independent Directors in order to match their deferred compensation obligations. Investments to cover the Funds' deferred compensation liabilities are included in other assets on the Statements of Assets and Liabilities. Dividends and distributions from the BlackRock Closed-End Fund investments under the plan are included in income from affiliates in the Statements of Operations.

Other: Expenses directly related to each Fund are charged to that Fund. Other operating expenses shared by several funds are pro-rated among those funds on the basis of relative net assets or other appropriate methods.

2. Investment Advisory Agreement and Other Transactions with Affiliates:

Each Fund has entered into an Investment Advisory Agreement with BlackRock Advisors, LLC (the "Advisor"), an indirect, wholly owned subsidiary of BlackRock, Inc., to provide investment advisory and administration services. Merrill Lynch & Co., Inc. ("Merrill Lynch") and The PNC Financial Services Group, Inc. are principal owners of BlackRock, Inc.

The Advisor is responsible for the management of each Fund's portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of each Fund. For such services, each Fund pays the Advisor a monthly fee at an annual rate of 0.55% for BlackRock MuniHoldings Insured Fund II, Inc. and 0.50% for BlackRock MuniYield Insured Fund, Inc. of the Fund's average daily net assets. Average daily net assets is the average daily value of the Fund's total assets minus the sum of its accrued liabilities.

The Advisor has voluntarily agreed to waive its advisory fee on the proceeds of Preferred Stock and TOBs that exceeds 35% of the average daily net assets of BlackRock MuniHoldings Insured Fund II, Inc. For the period October 1, 2007 through July 31, 2008 and the year ended September 30, 2007, these amounts were \$215,209 and \$200,897, respectively. These amounts are included in the fees waived by advisor on the Statements of Operations.

The Advisor has agreed to waive its advisory fee by the amount of investment advisory fees each Fund pays to the Advisor indirectly through its investment in affiliated money market funds. For the period October 1, 2007 through July 31, 2008 and the year ended September 30, 2007, \$28,529 and \$19,360, respectively,

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were waived with respect to BlackRock MuniHoldings Insured Fund II, Inc. For the period November 1, 2007 through July 31, 2008 and the year ended October 31, 2007, \$35,197 and \$11,868, respectively, were waived with respect to BlackRock MuniYield Insured Fund, Inc. These amounts are included in the fees waived by advisor on the Statements of Operations.

The Advisor has entered into separate sub-advisory agreements with BlackRock Investment Management, LLC ("BIM"), an affiliate of the Advisor, with respect to each Fund, under which the Advisor pays BIM for services it provides, a monthly fee that is a percentage of the investment advisory fee paid by each Fund to the Advisor.

For the period ended October 1, 2007 to July 31, 2008 and the year ended September 30, 2007, BlackRock MuniHoldings Insured Fund II, Inc. reimbursed the Advisor \$6,919 and \$10,645, respectively, for certain accounting services, which are included in accounting services on the Statements of Operations. For the period ended November 1, 2007 to July 31, 2008 and the year ended October 31, 2007, BlackRock MuniYield Insured Fund, Inc. reimbursed the Advisor \$18,501 and \$29,566, respectively, for certain accounting services, which are included in accounting services on the Statements of Operations.

Pursuant to the terms of the custody agreement, custodian fees may be reduced by amounts calculated on uninvested cash balances, which are shown on the Statements of Operations as fees paid indirectly.

Certain officers and/or directors of the Fund are officers and/or directors of BlackRock, Inc. or its affiliates. The Funds reimburse the Advisor for compensation paid to the Funds' Chief Compliance Officer.

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Notes to Financial Statements (continued)

3. Investments:

BlackRock MuniHoldings Insured Fund II, Inc.

Purchases and sales of investments, excluding short-term securities, for the period October 1, 2007 to July 31, 2008, were \$218,521,407, and \$254,670,776, respectively.

BlackRock MuniYield Insured Fund, Inc.

Purchases and sales of investments, excluding short-term securities, for the period November 1, 2007 to July 31, 2008, were \$1,094,749,211, and \$1,214,481,280, respectively.

4. Capital Stock Transactions:

Each Fund is authorized to issue 200,000,000 shares of stock, including Preferred Stock, par value \$0.10 per share, all of which were initially classified as Common Stock. Each Board is authorized, however, to reclassify any unissued shares of common stock without approval of the holders of Common Stock.

Common Stock

BlackRock MuniHoldings Insured Fund II, Inc.

Shares issued and outstanding during the period October 1, 2007 to July 31, 2008 and the years ended September 30, 2007 and September 30, 2006 remained constant

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for the Fund.

BlackRock MuniYield Insured Fund, Inc.

Shares issued and outstanding during the period November 1, 2007 to July 31, 2008 and the years ended October 31, 2007 and October 31, 2006 remained constant for the Fund.

Preferred Stock

Preferred Stock of the Funds has a par value of \$0.10 per share and a liquidation preference of \$25,000 per share, plus accrued and unpaid dividends, that entitles their holders to receive cash dividends at varying annualized rates for each dividend period. The yields in effect at July 31, 2008 were as follows:

	BlackRock MuniHoldings Insured Fund II, Inc.	BlackRock MuniYield Insured Fund, Inc.
Series A	3.579% 1	3.351% 1
Series B	3.427% 1	3.427% 1
Series C	3.503% 1	2.579% 1
Series D	--	2.480% 1
Series E	--	3.427% 1
Series F	--	2.557% 1
Series G	--	3.579% 1
Series H	--	4.132% 2
Series I	--	4.354% 2

- 1 The maximum applicable rate on this series of Preferred Stock is the higher of 110% of the AA commercial paper rate or 110% of 90% of the Kenny S&P 30-day High Grade Index rate divided by 1.00 minus the marginal tax rate.
- 2 The maximum applicable rate on this series of Preferred Stock is the higher of 110% times or plus 110% of the Telerate/BBA LIBOR or 110% times or plus 110% of 90% of the Kenny S&P 30-day High Grade Index rate divided by 1.00 minus the marginal tax rate.

BlackRock MuniHoldings Insured Fund II, Inc. pays commissions to certain broker-dealers at the end of each auction at an annual rate of 0.25%, calculated on the aggregate principal amount. For the period October 1, 2007 to July 31, 2008 and the year ended September 30, 2007, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"), a wholly owned subsidiary of Merrill Lynch, earned commissions of \$180,351 and \$186,241, respectively.

BlackRock MuniYield Insured Fund, Inc. pays commissions to certain broker-dealers at the end of each auction at an annual rate of 0.25%, calculated on the aggregate principal amount. For the period November 1, 2007 to July 31, 2008 and the year ended October 31, 2007, MLPF&S, a wholly owned subsidiary of Merrill Lynch, earned commissions of \$367,397 and \$472,650, respectively.

On June 4, 2008, the Funds announced the following redemptions of Preferred Stock at a price of \$25,000 per share plus any accrued and unpaid dividends through the redemption date:

BlackRock MuniHoldings Insured Fund II, Inc.

Redemption	Shares	Aggregate
------------	--------	-----------

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	Date	Redeemed	Principal
Series A	6/27/08	608	\$15,200,000
Series B	6/26/08	608	\$15,200,000
Series C	6/25/08	1,152	\$28,800,000

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Notes to Financial Statements (continued)

BlackRock MuniYield Insured Fund, Inc.

	Redemption Date	Shares Redeemed	Aggregate Principal
Series A	6/26/08	744	\$18,600,000
Series B	7/03/08	744	\$18,600,000
Series C	7/10/08	744	\$18,600,000
Series D	7/17/08	744	\$18,600,000
Series E	6/26/08	1,353	\$33,825,000
Series F	7/08/08	812	\$20,300,000
Series G	6/24/08	812	\$20,300,000
Series H	6/27/08	880	\$22,000,000
Series I	6/23/08	880	\$22,000,000

The Funds financed the Preferred Stock redemptions with cash received from TOB transactions.

Shares issued and outstanding during the years ended September 30, 2006 and September 30, 2007 for BlackRock MuniHoldings Insured Fund II, Inc. and October 31, 2006 and October 31, 2007 for BlackRock MuniYield Insured Fund, Inc. remained constant.

Dividends on seven-day Preferred Stock are cumulative at a rate, which is reset every seven days based on the results of an auction. Dividends on 28-day Preferred Stock are cumulative at a rate which is reset every 28 days based on results of an auction. If the Preferred Stock fails to clear the auction on an auction date, each Fund is required to pay the maximum applicable rate on the Preferred Stock to holders of such shares for each successive dividend periods until such time as the stock is successfully auctioned. The maximum applicable rate on the Preferred Stock is footnoted as applicable on the above chart. During the period ended July 31, 2008, the Preferred Stock of each Fund was successfully auctioned at each auction date until February 13, 2008. The low, high and average dividend rates on the Preferred Stock of BlackRock MuniHoldings Insured Fund II, Inc. for the period October 1, 2007 to July 31, 2008 and the low, high and average dividend rates on the Preferred Stock for each Fund for the period November 1, 2007 to July 31, 2008 were as follows:

	Series	Low	High	Average
BlackRock MuniHoldings Insured Fund II, Inc.	A	2.458%	4.600%	3.423%
	B	2.480%	4.400%	3.360%
	C	2.535%	4.500%	3.280%
BlackRock MuniYield Insured Fund, Inc.	A	2.559%	4.600%	3.468%
	B	2.535%	4.600%	3.456%

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C	2.579%	4.900%	3.482%
D	2.483%	4.400%	3.480%
E	2.483%	4.356%	3.281%
F	2.502%	4.750%	3.488%
G	2.483%	4.508%	3.375%
H	2.930%	5.198%	3.895%
I	3.000%	5.198%	3.822%

Since February 13, 2008, the Preferred Stock of the Funds failed to clear any of their auctions. As a result, the Preferred Stock dividend rates were reset to the maximum applicable rate, which ranged from 2.458% to 5.198%. A failed auction is not an event of default for the Fund but has a negative impact on the liquidity of Preferred Stock. A failed auction occurs when there are more sellers of a Fund's auction rate preferred stock than buyers. It is impossible to predict how long this imbalance will last. A successful auction for the Funds' Preferred Stock may not occur for some time, if ever, and even if liquidity does resume, holders of the Preferred Stock may not have the ability to sell the Preferred Stock at its liquidation preference.

The Funds may not declare dividends or make other distributions on Common Stock or purchase any such shares if, at the time of the declaration, distribution or purchase, asset coverage with respect to the outstanding Preferred Stock is less than 200%.

The Preferred Stock is redeemable at the option of each Fund, in whole or in part, on any dividend payment date at \$25,000 per share plus any accumulated unpaid dividends whether or not declared. The Preferred Stock is also subject to mandatory redemption at \$25,000 per share plus any accumulated or unpaid dividends, whether or not declared, if certain requirements relating to the composition of the assets and liabilities of each Fund, as set forth in each Fund's Articles Supplementary, are not satisfied.

The holders of Preferred Stock have voting rights equal to the holders of Common Stock (one vote per share) and will vote together with holders of Common Stock (one vote per share) as a single class. However, the holders of Preferred Stock, voting as a separate class, are also entitled to elect two Directors for a Fund. In addition, the 1940 Act requires that along with approval by shareholders that might otherwise be required, the approval of the holders of a majority of any outstanding Preferred Stock, voting separately as a class, would be required to (a) adopt any plan of reorganization that would adversely affect the Preferred Stock (b) change a Fund's sub-classification as a closed-end investment company or change its fundamental investment restrictions or (c) change its business so as to cease to be an investment company.

5. Income Tax Information:

Reclassifications: Accounting principles generally accepted in the United States of America require that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset values per share.

During the current year, \$11,418,540 has been reclassified in BlackRock MuniHoldings Insured Fund II, Inc. between paid-in capital in excess of par and accumulated net realized loss and \$237,891 has been reclassified between undistributed net investment income and accumulated net realized loss as a result of a permanent difference attributable to the expiration of a capital loss carryforward, amortization methods on fixed income securities and the classification of income.

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Notes to Financial Statements (continued)

During the current year, \$2,244,866 has been reclassified in BlackRock MuniYield Insured Fund, Inc. between undistributed net investment income and accumulated net realized loss as a result of permanent differences attributable to amortization methods on fixed income securities and the reclassification of distributions.

BlackRock MuniHoldings Insured Fund II, Inc.

The tax character of distributions paid during the period October 1, 2007 to July 31, 2008 and the years ended September 30, 2007 and September 30, 2006 were as follows:

	Period 10/1/07 to 7/31/08	Year Ended 9/30/07	Year Ended 9/30/06
Distributions paid from:			
Tax-exempt income	\$16,813,824	\$21,194,039	\$23,209,319
Total distributions	\$16,813,824	\$21,194,039	\$23,209,319

As of July 31, 2008, the components of accumulated loss on a tax basis were as follows:

Undistributed tax-exempt net income	\$ 1,344,576
Undistributed long-term net capital gains	--
Total undistributed net earnings	1,344,576
Capital loss carryforward	(306,103) *
Net unrealized losses	(12,520,766) **
Total accumulated net loss	\$ (11,482,293)

* On July 31, 2008, the Fund had a capital loss carryforward of \$306,103, all of which expires in 2012. This amount will be available to offset future realized capital gains.

** The difference between book-basis and tax-basis net unrealized losses is attributable primarily to the tax deferral of losses on straddles, the deferral of post-October capital losses for tax purposes and the difference between the book and tax treatment of residual interests in tender option bond trusts.

BlackRock MuniYield Insured Fund, Inc.

The tax character of distributions paid during the period November 1, 2007 to July 31, 2008 and the years ended October 31, 2007 and October 31, 2006 were as follows:

	Period 11/1/07 to 7/31/08	Year Ended 10/31/07	Year Ended 10/31/06
Distributions paid from:			

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Tax-exempt income	\$48,537,923	\$66,194,332	\$69,395,892
Ordinary income	--	--	5,734,611
Long-term capital gain	--	--	19,935,524
<hr/>			
Total distributions	\$48,537,923	\$66,194,332	\$95,066,027
<hr/>			

As of July 31, 2008, the components of accumulated loss on a tax basis were as follows:

Undistributed tax-exempt net income	\$ 3,505,548
Undistributed long-term net capital gains	--
<hr/>	
Total undistributed net earnings	3,505,548
Capital loss carryforward	(30,918,530) *
Net unrealized losses	(56,894,827) **
<hr/>	
Total accumulated net loss	\$ (84,307,809)
<hr/>	

* On July 31, 2008, the Fund had a capital loss carryforward of \$30,918,530, of which, \$1,489,118 expires in 2014, \$5,979,955 expires in 2015 and \$23,449,457 expires in 2016. This amount will be available to offset future taxable gains.

** The difference between book-basis and tax-basis net unrealized losses is attributable primarily to the tax deferral of losses on wash sales, the tax deferral of losses on straddles, the difference between book and tax amortization methods for premiums and discounts on fixed income securities, the deferral of compensation to trustees and the difference between the book and tax treatment of residual interests in tender option bond trusts.

6. Concentration Risk:

Each Fund's investments are concentrated in certain states, which may be affected by adverse financial, social, environmental, economic, regulatory and political factors.

Many municipalities insure repayment of their bonds, which reduces the risk of loss due to issuer default. The market value of these bonds may fluctuate for other reasons, including market perception of the value of such insurance, and there is no guarantee that the insurer will meet its obligation.

7. Restatement Information:

Subsequent to the initial issuance of BlackRock MuniYield Insured Fund, Inc.'s October 31, 2006 financial statements and BlackRock MuniHoldings Insured Fund II, Inc.'s September 30, 2006 financial statements, the Funds determined that the criteria for sale accounting in FAS 140 had not been met for certain transfers of municipal bonds and that these transfers should have been accounted for as secured borrowings rather than as sales. As a result, certain financial highlights for each of the three years in the period ended October 31, 2005 with respect to BlackRock MuniYield Insured Fund, Inc., and for each of the three years in the period ended September 30, 2005 with respect to BlackRock MuniHoldings Insured Fund II, Inc., have been restated to give effect to recording the transfers of the municipal bonds as secured borrowings, including recording interest on the bonds as interest income and interest on the secured borrowings as interest expense.

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Notes to Financial Statements (concluded)

Financial Highlights for BlackRock MuniYield Insured Fund, Inc.
For the Years Ended October 31, 2005, 2004 and 2003

	2005		2004	
	Previously Reported	Restated	Previously Reported	Res
Total expenses, net of waiver 1	1.01%	1.60%	0.95%	
Total expenses 1	1.01%	1.60%	0.95%	
Portfolio turnover	123.85%	105%	144.40%	

1 Do not reflect the effect of dividends to Preferred Stock shareholders.

Financial Highlights for BlackRock MuniHoldings Insured Fund II, Inc.
For the Years Ended September 30, 2005, 2004 and 2003

	2005		2004	
	Previously Reported	Restated	Previously Reported	Res
Total expenses, net of waiver and reimbursement 1	1.15%	1.32%	1.12%	
Total expenses 1	1.21%	1.38%	1.21%	
Portfolio turnover	58.19%	46%	45.89%	

1 Do not reflect the effect of dividends to Preferred Stock shareholders.

8. Subsequent Events:

Each Fund paid a net investment income dividend to holders of its Common Stock on September 2, 2008 to shareholders of record on August 15, 2008. The amount of the tax-exempt income dividend per share was as follows:

	Per Share Amount
BlackRock MuniHoldings Insured Fund II, Inc.	\$0.050000
BlackRock MuniYield Insured Fund, Inc.	\$0.056000

The dividends declared on Preferred Stock for the period August 1, 2008 to August 31, 2008 for the Funds were as follows:

	Series	Amount
BlackRock MuniHoldings Insured Fund II, Inc.	A	\$ 76,704
	B	\$ 77,450
	C	\$148,781
BlackRock MuniYield Insured Fund, Inc.	A	\$ 93,577

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B	\$ 95,688
C	\$ 72,014
D	\$ 69,247
E	\$145,717
F	\$ 77,876
G	\$ 93,581
H	\$156,881
I	\$127,892

On September 12, 2008, the Board of Directors of BlackRock MuniHoldings Insured Fund II, Inc. and BlackRock MuniYield Insured Fund, Inc. voted unanimously to change certain investment guidelines of the Funds. Under normal market conditions, the Funds are required to invest at least 80% of their total assets in municipal bonds either (i) insured under an insurance policy purchased by the Funds or (ii) insured under an insurance policy obtained by the issuer of the municipal bond or any other party. Historically, the Funds have had an additional non-fundamental investment policy limiting its purchase of insured municipal bonds to those bonds insured by insurance providers with claims-paying abilities rated AAA or Aaa at the time of investment.

Following the onset of the credit and liquidity crises currently troubling the financial markets, the applicable rating agencies lowered the claims-paying ability rating of most of the municipal bond insurance providers below the highest rating category. As a result, the Advisor recommended, and the Board approved, an amended policy with respect to the purchase of insured municipal bonds that such bonds must be insured by insurance providers or other entities with claims-paying abilities rated at least investment grade. This investment grade restriction is measured at the time of investment, and the Funds will not be required to dispose of municipal bonds they hold in the event of subsequent downgrades. The approved changes do not alter the Funds' investment objectives.

The Advisor and the Board believe the amended policy will allow the Advisor to better manage the Funds' portfolios in the best interests of the Funds' shareholders and to better meet the Funds' investment objectives.

On September 15, 2008, Bank of America Corporation announced that it has agreed to acquire Merrill Lynch, one of the principal owners of BlackRock, Inc. The purchase has been approved by the directors of both companies. Subject to shareholder and regulatory approvals, the transaction is expected to close in the first quarter of 2009.

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Boards of Directors of BlackRock MuniHoldings Insured Fund II, Inc. and BlackRock MuniYield Insured Fund, Inc.:

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of BlackRock MuniHoldings Insured Fund II, Inc. as of July 31, 2008, and the related statements of operations for the period October 1, 2007 to July 31, 2008 and for the year ended September 30, 2007, the statements of changes in net assets for the period October 1, 2007 to July 31, 2008 and for each of the two years in the period ended September 30, 2007, and the financial highlights for the period October 1, 2007 to July 31, 2008 and for each of the two years in the period ended September 30, 2007. We have also audited the accompanying statement of assets and liabilities, including the schedule of investments, of BlackRock MuniYield Insured Fund, Inc. as of July 31, 2008, and the related statements of operations for the period November 1,

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2007 to July 31, 2008 and for the year ended October 31, 2007, the statements of changes in net assets for the period November 1, 2007 to July 31, 2008 and for each of the two years in the period ended October 31, 2007, the statement of cash flows for the period November 1, 2007 to July 31, 2008, and the financial highlights for the period November 1, 2007 to July 31, 2008 and for each of the two years in the period ended October 31, 2007. BlackRock MuniHoldings Insured Fund II, Inc. and BlackRock MuniYield Insured Fund, Inc. are collectively referred to as the "Funds." These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. The financial highlights of BlackRock MuniHoldings Insured Fund II, Inc. for each of the three years in the period ended September 30, 2005 (before the restatement described in Note 7) were audited by other auditors whose report, dated November 9, 2005, expressed a qualified opinion on those financial highlights because of the errors described in Note 7. The financial highlights of BlackRock MuniYield Insured Fund, Inc. for each of the three years in the period ended October 31, 2005 (before the restatement described in Note 7) were audited by other auditors whose report, dated December 9, 2005, expressed a qualified opinion on those financial highlights because of the errors described in Note 7.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Funds are not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of July 31, 2008, by correspondence with the custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of BlackRock MuniHoldings Insured Fund II, Inc. as of July 31, 2008, and the results of its operations for the period October 1, 2007 to July 31, 2008 and for the year ended September 30, 2007, the changes in its net assets for the period October 1, 2007 to July 31, 2008 and for each of the two years in the period ended September 30, 2007, and the financial highlights for the period October 1, 2007 to July 31, 2008 and for each of the two years in the period ended September 30, 2007, in conformity with accounting principles generally accepted in the United States of America. Additionally, in our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of BlackRock MuniYield Insured Fund, Inc. as of July 31, 2008, the results of its operations for the period November 1, 2007 to July 31, 2008 and for the year ended October 31, 2007, the changes in its net assets for the period November 1, 2007 to July 31, 2008 and for each of the two years in the period ended October 31, 2007, its cash flows for the period November 1, 2007 to July 31, 2008, and the financial highlights for the period November 1, 2007 to July 31, 2008 and for each of the two years in the period ended October 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

We have audited the adjustments, applied by management, to restate certain

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BlackRock MuniHoldings Insured Fund II, Inc. ("Insured Fund II") financial highlights for each of the three years in the period ended September 30, 2005 to correct the errors described in Note 7. We have also audited the adjustments, applied by management, to restate certain BlackRock MuniYield Insured Fund, Inc. ("Insured Fund") financial highlights for each of the three years in the period ended October 31, 2005 to correct the errors described in Note 7. These adjustments are the responsibility of the Funds' management. The audit procedures that we performed with respect to the adjustments included such tests as we considered necessary in the circumstances and were designed to obtain reasonable assurance about whether the adjustments are appropriate and have been properly applied, in all material respects, to the restated information in Insured Fund II's financial highlights for each of the three years in the period ended September 30, 2005 and Insured Fund's financial highlights for each of the three years in the period ended October 31, 2005. We did not perform any audit procedures designed to assess whether any additional adjustments or disclosures to Insured Fund II's or Insured Fund's financial highlights for each of the three years in the period ended September 30, 2005 and October 31, 2005, respectively, might be necessary in order for such financial highlights to be presented

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Report of Independent Registered Public Accounting Firm (concluded)

in conformity with accounting principles generally accepted in the United States of America. In our opinion, the adjustments to the financial highlights of Insured Fund II for each of the three years in the period ended September 30, 2005, for the restatement described in Note 7 are appropriate and have been properly applied, in all material respects. However, we were not engaged to audit, review, or apply any procedures to the Insured Fund II's financial highlights for each of the three years in the period ended September 30, 2005, other than with respect to the adjustments described in Note 7 and, accordingly, we do not express an opinion or any other form of assurance on the Insured Fund II's financial highlights for each of the three years in the period ended September 30, 2005. Additionally, in our opinion, the adjustments to the financial highlights of Insured Fund for each of the three years in the period ended October 31, 2005, for the restatement described in Note 7 are appropriate and have been properly applied, in all material respects. However, we were not engaged to audit, review, or apply any procedures to the Insured Fund's financial highlights for each of the three years in the period ended October 31, 2005, other than with respect to the adjustments described in Note 7 and, accordingly, we do not express an opinion or any other form of assurance on the Insured Fund's financial highlights for each of the three years in the period ended October 31, 2005.

Deloitte & Touche LLP
Princeton, New Jersey
September 25, 2008

Important Tax Information (Unaudited)

All of the net investment income distributions paid by BlackRock MuniHoldings Insured Fund II, Inc. and BlackRock MuniYield Insured Fund, Inc., during the period ended July 31, 2008 qualify as tax-exempt interest dividends for federal income tax purposes.

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Automatic Dividend Reinvestment Plan

How the Plan Works -- The Funds offers a Dividend Reinvestment Plan (the "Plan") under which income and capital gains dividends paid by the Fund are automatically reinvested in additional shares of Common Stock of the Fund. The Plan is administered on behalf of the shareholders by Computershare Trust Company, N.A. (the "Plan Agent"). Under the Plan, whenever the Fund declares a dividend, participants in the Plan will receive the equivalent in shares of Common Stock of the Fund. The Plan Agent will acquire the shares for the participant's account either (i) through receipt of additional unissued but authorized shares of the Fund ("newly issued shares") or (ii) by purchase of outstanding shares of Common Stock on the open market on the New York Stock Exchange or elsewhere. If, on the dividend payment date, the Fund's net asset value per share is equal to or less than the market price per share plus estimated brokerage commissions (a condition often referred to as a "market premium"), the Plan Agent will invest the dividend amount in newly issued shares. If the Fund's net asset value per share is greater than the market price per share (a condition often referred to as a "market discount"), the Plan Agent will invest the dividend amount by purchasing on the open market additional shares. If the Plan Agent is unable to invest the full dividend amount in open market purchases, or if the market discount shifts to a market premium during the purchase period, the Plan Agent will invest any uninvested portion in newly issued shares. The shares acquired are credited to each shareholder's account. The amount credited is determined by dividing the dollar amount of the dividend by either (i) when the shares are newly issued, the net asset value per share on the date the shares are issued or (ii) when shares are purchased in the open market, the average purchase price per share.

Participation in the Plan -- Participation in the Plan is automatic, that is, a shareholder is automatically enrolled in the Plan when he or she purchases shares of Common Stock of the Funds unless the shareholder specifically elects not to participate in the Plan. Shareholders who elect not to participate will receive all dividend distributions in cash. Shareholders who do not wish to participate in the Plan must advise the Plan Agent in writing (at the address set forth below) that they elect not to participate in the Plan. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by writing to the Plan Agent.

Benefits of the Plan -- The Plan provides an easy, convenient way for shareholders to make additional, regular investments in the Funds. The Plan promotes a long-term strategy of investing at a lower cost. All shares acquired pursuant to the Plan receive voting rights. In addition, if the market price plus commissions of the Fund's shares is above the net asset value, participants in the Plan will receive shares of the Fund for less than they could otherwise purchase them and with a cash value greater than the value of any cash distribution they would have received. However, there may not be enough shares available in the market to make distributions in shares at prices below the net asset value. Also, since the Funds do not redeem shares, the price on resale may be more or less than the net asset value.

Plan Fees -- There are no enrollment fees or brokerage fees for participating in the Plan. The Plan Agent's service fees for handling the reinvestment of distributions are paid for by the Funds. However, brokerage commissions may be incurred when the Funds purchases shares on the open market and shareholders will pay a pro rata share of any such commissions.

Tax Implications -- The automatic reinvestment of dividends and distributions will not relieve participants of any federal, state or local income tax that may be payable (or required to be withheld) on such dividends. Therefore, income and capital gains may still be realized even though shareholders do not receive cash. Participation in the Plan generally will not affect the tax-exempt status of exempt interest dividends paid by the Funds. If, when the Funds' shares are

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trading at a market premium, the Funds issue shares pursuant to the Plan that have a greater fair market value than the amount of cash reinvested, it is possible that all or a portion of the discount from the market value (which may not exceed 5% of the fair market value of the Funds' shares) could be viewed as a taxable distribution. If the discount is viewed as a taxable distribution, it is also possible that the taxable character of this discount would be allocable to all the shareholders, including shareholders who do not participate in the Plan. Thus, shareholders who do not participate in the Plan might be required to report as ordinary income a portion of their distributions equal to their allocable share of the discount.

Contact Information -- All correspondence concerning the Plan, including any questions about the Plan, should be directed to the Plan Agent at Computershare Trust Company, N.A., P.O. Box 43010, Providence, RI 02940-3010, Telephone: (800) 426-5523.

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Disclosure of Investment Advisory Agreement and Subadvisory Agreement

The Board of Directors (collectively, the "Board," the members of which are referred to as "Directors") of the BlackRock MuniHoldings Insured Fund II, Inc. ("MUE") and BlackRock MuniYield Insured Fund, Inc. ("MYI," and together with MUE, the "Funds") met in April and May 2008 to consider approving the continuation of each Fund's investment advisory agreement (each, an "Advisory Agreement") with BlackRock Advisors, LLC (the "Advisor"), each Fund's investment adviser. The Board also considered the approval of each Fund's subadvisory agreement (each, a "Subadvisory Agreement" and, together with the "Advisory Agreement," the "Agreements") between the Advisor and BlackRock Investment Management, LLC (the "Subadvisor"). The Advisor and the Subadvisor are collectively referred to herein as the "Advisors" and, together with BlackRock, Inc., "BlackRock."

Activities and Composition of the Board

The Board of each Fund consists of thirteen individuals, eleven of whom are not "interested persons" of the Funds as defined in the Investment Company Act of 1940 (the "1940 Act") (the "Independent Directors"). The Directors are responsible for the oversight of the operations of the Funds and perform the various duties imposed on the directors of investment companies by the 1940 Act. The Independent Directors have retained independent legal counsel to assist them in connection with their duties. The Chairman of the Board is an Independent Director. The Board has established four standing committees: an Audit Committee, a Governance and Nominating Committee, a Compliance Committee and a Performance Oversight Committee.

Advisory Agreement and Subadvisory Agreement

Upon the consummation of the combination of BlackRock, Inc.'s investment management business with Merrill Lynch & Co., Inc.'s investment management business, including Merrill Lynch Investment Managers, L.P., and certain affiliates, each Fund entered into an Advisory Agreement and a Subadvisory Agreement, each with an initial two-year term. Consistent with the 1940 Act, after the Advisory Agreement's and Subadvisory Agreement's respective initial two-year term, the Board is required to consider the continuation of each Fund's Advisory Agreement and Subadvisory Agreement on an annual basis. In connection with this process, the Board assessed, among other things, the nature, scope and quality of the services provided to each Fund by the personnel of BlackRock and its affiliates, including investment advisory services, administrative services, secondary market support services, oversight of fund accounting and custody, and

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assistance in meeting legal and regulatory requirements. The Board also received and assessed information regarding the services provided to each Fund by certain unaffiliated service providers.

Throughout the year, the Board also considered a range of information in connection with its oversight of the services provided by BlackRock and its affiliates. Among the matters the Board considered were: (a) investment performance for one-, three- and five-year periods, as applicable, against peer funds, as well as senior management and portfolio managers' analysis of the reasons for underperformance, if applicable; (b) fees, including advisory, administration and other fees paid to BlackRock and its affiliates by each Fund, as applicable; (c) Fund operating expenses paid to third parties; (d) the resources devoted to and compliance reports relating to each Fund's investment objective, policies and restrictions; (e) each Fund's compliance with its Code of Ethics and compliance policies and procedures; (f) the nature, cost and character of non-investment management services provided by BlackRock and its affiliates; (g) BlackRock's and other service providers' internal controls; (h) BlackRock's implementation of the proxy voting guidelines approved by the Board; (i) execution quality; (j) valuation and liquidity procedures; and (k) reviews of BlackRock's business, including BlackRock's response to the increasing scale of its business.

Board Considerations in Approving the Advisory Agreement and Subadvisory Agreement

To assist the Board in its evaluation of the Agreements, the Directors received information from BlackRock in advance of the April 22, 2008 meeting which detailed, among other things, the organization, business lines and capabilities of the Advisors, including: (a) the responsibilities of various departments and key personnel and biographical information relating to key personnel; (b) financial statements for BlackRock; (c) the advisory and/or administrative fees paid by each Fund to the Advisors, including comparisons, compiled by Lipper Inc. ("Lipper"), an independent third party, with the management fees, which include advisory and administration fees, of funds with similar investment objectives ("Peers"); (d) the profitability of BlackRock and certain industry profitability analyses for advisers to registered investment companies; (e) the expenses of BlackRock in providing various services; (f) non-investment advisory reimbursements, if applicable, and "fallout" benefits to BlackRock; (g) economies of scale, if any, generated through the Advisors' management of all of the BlackRock closed-end funds (the "Fund Complex"); (h) the expenses of each Fund, including comparisons of each such Fund's expense ratios (both before and after any fee waivers) with the expense ratios of its Peers; (i) an internal comparison of management fees classified by Lipper, if applicable; and (j) each Fund's performance for the past one-, three- and five-year periods, as applicable, as well as each Fund's performance compared to its Peers.

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Disclosure of Investment Advisory Agreement and Subadvisory Agreement (continued)

The Board also considered other matters it deemed important to the approval process, where applicable, such as payments made to BlackRock or its affiliates relating to the distribution of Fund shares, services related to the valuation and pricing of Fund portfolio holdings, and direct and indirect benefits to BlackRock and its affiliates from their relationship with the Funds.

In addition to the foregoing materials, independent legal counsel to the Independent Directors provided a legal memorandum outlining, among other things, the duties of the Board under the 1940 Act, as well as the general principles of

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relevant law in reviewing and approving advisory contracts, the requirements of the 1940 Act in such matters, an adviser's fiduciary duty with respect to advisory agreements and compensation, and the standards used by courts in determining whether investment company boards of directors have fulfilled their duties and the factors to be considered by boards in voting on advisory agreements.

The Independent Directors reviewed this information and discussed it with independent legal counsel prior to the meeting on April 22, 2008. At the Board meeting on April 22, 2008, BlackRock made a presentation to and responded to questions from the Board. Following the meeting on April 22, 2008, the Board presented BlackRock with questions and requests for additional information. BlackRock responded to these requests with additional written materials provided to the Directors prior to the meetings on May 29 and 30, 2008. At the Board meetings on May 29 and 30, 2008, BlackRock responded to further questions from the Board. In connection with BlackRock's presentations, the Board considered each Agreement and, in consultation with independent legal counsel, reviewed the factors set out in judicial decisions and Securities and Exchange Commission ("SEC") statements relating to the renewal of the Agreements.

Matters Considered by the Board

In connection with its deliberations with respect to the Agreements, the Board considered all factors it believed relevant with respect to each Fund, including the following: the nature, extent and quality of the services provided by the Advisors; the investment performance of each Fund; the costs of the services to be provided and profits to be realized by the Advisors and their affiliates from their relationship with the Funds; the extent to which economies of scale would be realized as the Fund Complex grows; and whether BlackRock realizes other benefits from its relationship with the Funds.

A. Nature, Extent and Quality of the Services: In evaluating the nature, extent and quality of the Advisors' services, the Board reviewed information concerning the types of services that the Advisors provide and are expected to provide to each Fund, narrative and statistical information concerning each Fund's performance record and how such performance compares to each Fund's Peers, information describing BlackRock's organization and its various departments, the experience and responsibilities of key personnel and available resources. The Board noted the willingness of the personnel of BlackRock to engage in open, candid discussions with the Board. The Board further considered the quality of the Advisors' investment process in making portfolio management decisions.

In addition to advisory services, the Directors considered the quality of the administrative and non-investment advisory services provided to the Funds. The Advisors and their affiliates provided each Fund with such administrative and other services, as applicable (in addition to any such services provided by others for the Funds), and officers and other personnel as are necessary for the operations of the respective Fund. In addition to investment management services, the Advisors and their affiliates provided each Fund with services such as: preparing shareholder reports and communications, including annual and semi-annual financial statements and the Funds' websites; communications with analysts to support secondary market trading; assisting with daily accounting and pricing; preparing periodic filings with regulators and stock exchanges; overseeing and coordinating the activities of other service providers; administering and organizing Board meetings and preparing the Board materials for such meetings; providing legal and compliance support (such as helping to prepare proxy statements and responding to regulatory inquiries); and performing other Fund administrative tasks necessary for the operation of the respective Fund (such as tax reporting and fulfilling regulatory filing requirements). The Board considered the Advisors' policies and procedures for assuring compliance with applicable laws and regulations.

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B. The Investment Performance of the Funds and BlackRock: As previously noted, the Board received performance information regarding each Fund and its Peers. Among other things, the Board received materials reflecting each Fund's historic performance and each Fund's performance compared to its Peers. More specifically, each Fund's one-, three- and five-year total returns (as applicable) were evaluated relative to its Peers (including the Peers' median performance).

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Disclosure of Investment Advisory Agreement and Subadvisory Agreement
(continued)

The Board reviewed a narrative and statistical analysis of the Lipper data that was prepared by BlackRock, which analyzed various factors that affect Lipper rankings.

The Board noted that each of MUE and MYI performed below the median of their respective Peers in at least two of the one-, three- and five-year periods reported. The Board then discussed with representatives of BlackRock the reasons for each of MUE's and MYI's underperformance during these periods compared with their respective Peers. The Board noted that the underperformance of MUE was largely due to its defensive duration in the face of a long-term municipal bond rally, where conditions would have enhanced the Fund's performance if the Fund had a longer duration. The Board noted that the underperformance of MYI was due to Alternative Minimum Tax bond yield spread increases versus the Municipal Market Data scale.

The Board concluded that BlackRock was committed to providing the resources necessary to assist the portfolio managers and to continue improving each Fund's performance. Based on its review, the Board generally was satisfied with BlackRock's efforts to manage each of the Funds.

After considering this information, the Boards concluded that the performance of each Fund, in light of and after considering the other facts and circumstances applicable to each Fund, supports a conclusion that each Fund's Agreements should be renewed.

C. Consideration of the Advisory Fees and the Cost of the Services and Profits to be Realized by BlackRock and its Affiliates from their Relationship with the Funds: In evaluating the management fees and expenses that each Fund is expected to bear, the Board considered each Fund's current management fee structure and each Fund's expense ratios in absolute terms as well as relative to the fees and expense ratios of its applicable Peers. The Board, among other things, reviewed comparisons of each Fund's gross management fees before and after any applicable reimbursements and fee waivers and total expense ratios before and after any applicable waivers with those of applicable Peers. The Board also reviewed a narrative analysis of the Peer rankings prepared by Lipper and summarized by BlackRock at the request of the Board. This summary placed the Peer rankings into context by analyzing various factors that affect these comparisons.

The Board noted that the Funds paid contractual management fees lower than or equal to the median contractual fees paid by each Fund's respective Peers. This comparison was made without giving effect to any expense reimbursements or fee waivers.

The Board also compared the management fees charged and services provided by the Advisors to closed-end funds in general versus other types of clients (such as open-end investment companies and separately managed institutional accounts) in similar investment categories. The Board noted certain differences in services

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provided and costs incurred by the Advisor with respect to closed-end funds compared to these other types of clients and the reasons for such differences.

In connection with the Board's consideration of the fees and expense information, the Board reviewed the considerable investment management experience of the Advisors and considered the high level of investment management, administrative and other services provided by the Advisors. In light of these factors and the other facts and circumstances applicable to each Fund, the Board concluded that the fees paid and level of expenses incurred by each Fund under its Agreements support a conclusion that each Fund's Agreements should be renewed.

D. Profitability of BlackRock: The Board also considered BlackRock's profitability in conjunction with its review of fees. The Board reviewed BlackRock's profitability with respect to the Fund Complex and other fund complexes managed by the Advisors. In reviewing profitability, the Board recognized that one of the most difficult issues in determining profitability is establishing a method of allocating expenses. The Board also reviewed BlackRock's assumptions and methodology of allocating expenses, noting the inherent limitations in allocating costs among various advisory products. The Board also recognized that individual fund or product line profitability of other advisors is generally not publicly available.

The Board recognized that profitability may be affected by numerous factors including, among other things, the types of funds managed, expense allocations and business mix, and therefore comparability of profitability is somewhat limited. Nevertheless, to the extent available, the Board considered BlackRock's operating margin compared to the operating margin estimated by BlackRock for a leading investment management firm whose operations consist primarily of advising closed-end funds. The comparison indicated that BlackRock's operating margin was approximately the same as the operating margin of such firm.

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Disclosure of Investment Advisory Agreement and Subadvisory Agreement
(concluded)

In evaluating the reasonableness of the Advisors' compensation, the Board also considered any other revenues paid to the Advisors, including partial reimbursements paid to the Advisors for certain non-investment advisory services, if applicable. The Board noted that these payments were less than the Advisors' costs for providing these services. The Board also considered indirect benefits (such as soft dollar arrangements) that the Advisors and their affiliates are expected to receive, which are attributable to their management of the Fund.

The Board concluded that BlackRock's profitability, in light of all the other facts and circumstances applicable to each Fund, supports a conclusion that each Fund's Agreements should be renewed.

E. Economies of Scale: In reviewing each Fund's fees and expenses, the Board examined the potential benefits of economies of scale, and whether any economies of scale should be reflected in the Fund's fee structure, for example through the use of breakpoints for the Fund or the Fund Complex. In this regard, the Board reviewed information provided by BlackRock, noting that most closed-end fund complexes do not have fund-level breakpoints because closed-end funds generally do not experience substantial growth after their initial public offering and each fund is managed independently consistent with its own investment objectives. The Board noted that only three closed-end funds in the Fund Complex have breakpoints in their fee structures. Information provided by

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Lipper also revealed that only one closed-end fund complex used a complex-level breakpoint structure. The Board found, based on its review of comparable funds, that each Fund's management fee is appropriate in light of the scale of the respective Fund.

F. Other Factors: In evaluating fees, the Board also considered indirect benefits or profits the Advisors or their affiliates may receive as a result of their relationships with the Funds ("fall-out benefits"). The Directors, including the Independent Directors, considered the intangible benefits that accrue to the Advisors and their affiliates by virtue of their relationships with the Funds, including potential benefits accruing to the Advisors and their affiliates as a result of participating in offerings of the Funds' shares, potentially stronger relationships with members of the broker-dealer community, increased name recognition of the Advisors and their affiliates, enhanced sales of other investment funds and products sponsored by the Advisors and their affiliates and increased assets under management which may increase the benefits realized by the Advisors from soft dollar arrangements with broker-dealers. The Board also considered the unquantifiable nature of these potential benefits.

Conclusion with Respect to the Agreements

In reviewing the Agreements, the Directors did not identify any single factor discussed above as all-important or controlling and different Directors may have attributed different weights to the various factors considered. The Directors, including the Independent Directors, unanimously determined that each of the factors described above, in light of all the other factors and all of the facts and circumstances applicable to each respective Fund, was acceptable for each Fund and supported the Directors' conclusion that the terms of each Agreement were fair and reasonable, that each Fund's fees are reasonable in light of the services provided to the respective Fund and that each Agreement should be approved.

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Officers and Directors

Name, Address and Year of Birth	Position(s) Held with Fund	Length of Time Served as a Director(2)	Principal Occupation(s) During Past Five Years	Num Bla Adv and Ove
Non-Interested Directors(1)				
Richard E. Cavanagh 40 East 52nd Street New York, NY 10022 1946	Chairman of the Board and Director	Since 2007	Trustee, Aircraft Finance Trust since 1999; Director, The Guardian Life Insurance Company of America since 1998; Trustee, Educational Testing Service since 1997; Director, The Fremont Group since 1996; Formerly President and Chief Executive Officer of The Conference Board, Inc. (global business research organization) from 1995 to 2007.	113 110

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Karen P. Robards 40 East 52nd Street New York, NY 10022 1950	Vice Chair of the Board, Chair of the Audit Committee and Director	Since 2007	Partner of Robards & Company, LLC (financial advisory firm) since 1987; Co-founder and Director of the Cooke Center for Learning and Development (a not-for-profit organization) since 1987; Formerly Director of Enable Medical Corp. from 1996 to 2005; Formerly an investment banker at Morgan Stanley from 1976 to 1987.	112 109
G. Nicholas Beckwith, III 40 East 52nd Street New York, NY 10022 1945	Director	Since 2007	Chairman and Chief Executive Officer, Arch Street Management, LLC (Beckwith Family Foundation) and various Beckwith property companies since 2005; Chairman of the Board of Directors, University of Pittsburgh Medical Center since 2002; Board of Directors, Shady Side Hospital Foundation since 1977; Board of Directors, Beckwith Institute for Innovation In Patient Care since 1991; Member, Advisory Council on Biology and Medicine, Brown University since 2002; Trustee, Claude Worthington Benedum Foundation (charitable foundation) since 1989; Board of Trustees, Chatham University since 1981; Board of Trustees, University of Pittsburgh since 2002; Emeritus Trustee, Shady Side Academy since 1977; Formerly Chairman and Manager, Penn West Industrial Trucks LLC (sales, rental and servicing of material handling equipment) from 2005 to 2007; Formerly Chairman, President and Chief Executive Officer, Beckwith Machinery Company (sales, rental and servicing of construction and equipment) from 1985 to 2005; Formerly Board of Directors, National Retail Properties (REIT) from 2006 to 2007.	112 109
Kent Dixon 40 East 52nd Street New York, NY 10022 1937	Director and Member of the Audit Committee	Since 2007	Consultant/Investor since 1988.	113 110
Frank J. Fabozzi 40 East 52nd Street New York, NY 10022 1948	Director and Member of the Audit Committee	Since 2007	Consultant/Editor of The Journal of Portfolio Management since 2006; Professor in the Practice of Finance and Becton Fellow, Yale University, School	113 110

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of Management, since 2006;
Formerly Adjunct Professor of
Finance and Becton Fellow, Yale
University from 1994 to 2006.

Kathleen F. Feldstein 40 East 52nd Street New York, NY 10022 1941	Director	Since 2007	President of Economics Studies, Inc. (private economic consulting firm) since 1987; Chair, Board of Trustees, McLean Hospital from 2000 to 2008 and Trustee Emeritus thereof since 2008; Member of the Corporation of Partners Community Healthcare, Inc. since 2005; Member of the Corporation of Partners HealthCare since 1995; Member of the Corporation of Sherrill House (health care) since 1990; Trustee, Museum of Fine Arts, Boston since 1992; Member of the Visiting Committee to the Harvard University Art Museum since 2003; Trustee, The Committee for Economic Development (research organization) since 1990; Member of the Advisory Board to the International School of Business, Brandeis University since 2002.	113 110
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Officers and Directors (continued)

Name, Address and Year of Birth	Position(s) Held with Fund	Length of Time Served as a Director(2)	Principal Occupation(s) During Past Five Years	Num Bla Adv and Ove
Non-Interested Directors(1) (concluded)				
James T. Flynn 40 East 52nd Street New York, NY 10022 1939	Director and Member of the Audit Committee	Since 2007	Formerly Chief Financial Officer of JPMorgan & Co., Inc. from 1990 to 1995.	112 109
Jerrold B. Harris 40 East 52nd Street New York, NY 10022 1942	Director	Since 2007	Trustee, Ursinus College since 2000; Director, Troemner LLC (scientific equipment) since 2000.	112 109
R. Glenn Hubbard	Director	Since 2007	Dean of Columbia Business	113

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40 East 52nd Street
New York, NY 10022
1958

School since 2004; Columbia
faculty member since 1988;
Formerly Co-Director of
Columbia Business School's
Entrepreneurship Program from
1997 to 2004; Visiting
Professor at the John F.
Kennedy School of Government at
Harvard University and the
Harvard Business School since
1985 and at the University of
Chicago since 1994; Formerly
Chairman of the U.S. Council of
Economic Advisers under the
President of the United States
from 2001 to 2003.

W. Carl Kester	Director and	Since 2007	Mizuho Financial Group	112
40 East 52nd Street	Member of		Professor of Finance, Harvard	109
New York, NY 10022	the Audit		Business School; Deputy Dean	
1951	Committee		for Academic Affairs since	

2006; Unit Head, Finance,
Harvard Business School from
2005 to 2006; Senior Associate
Dean and Chairman of the MBA
Program of Harvard Business
School, from 1999 to 2005;
Member of the faculty of
Harvard Business School since
1981; Independent Consultant
since 1978.

Robert S. Salomon, Jr.	Director and	Since	Formerly Principal of STI	112
40 East 52nd Street	Member of	1996 (MYI)	Management LLC (investment	109
New York, NY 10022	the Audit	1999 (MUE)	adviser) from 1994 to 2005.	
1936	Committee			

- (1) Directors serve until their resignation, removal or death, or until they turn 72.
- (2) Following the combination of Merrill Lynch Investment Managers, ("BlackRock") in September 2006, the various legacy MLIM and legacy boards realigned and consolidated into three new Fund boards in 2007. A chart shows certain directors as joining the Fund's board in 2007, each from the board of directors of other legacy MLIM or legacy BlackRock funds. Directors include: Robert S. Salomon, III since 1999; Richard E. Cavanagh since 1994; Kent D. Beckwith, III since 1999; Kathleen F. Feldstein since 2005; James T. Flynn since 1999; R. Glenn Hubbard since 2004; W. Carl Kester since 1998; and Robert S. Salomon, Jr. since 1996.

Interested Directors(3)

Richard S. Davis	Director	Since 2007	Managing Director, BlackRock,	185
40 East 52nd Street			Inc. since 2005; Formerly Chief	295
New York, NY 10022			Executive Officer, State Street	
1945			Research & Management Company	

from 2000 to 2005; Formerly
Chairman of the Board of
Trustees, State Street Research
Mutual Funds from 2000 to 2005;
Formerly Chairman, SSR Realty
from 2000 to 2004.

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Henry Gabbay 40 East 52nd Street New York, NY 10022 1947	Director	Since 2007	Consultant, BlackRock, Inc. since 2007; Formerly Managing Director, BlackRock, Inc. from 1989 to 2007; Formerly Chief Administrative Officer, BlackRock Advisors, LLC from 1998 to 2007; Formerly President of BlackRock Funds and BlackRock Bond Allocation Target Shares from 2005 to 2007; Formerly Treasurer of certain closed-end funds in the BlackRock fund complex from 1989 to 2006.	184 294
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(3) Messrs. Davis and Gabbay are both "interested persons," as defined in 1940, of the Fund based on their positions with BlackRock, Inc. until their resignation, removal or death, or until December 31

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Officers and Directors (concluded)

Name, Address and Year of Birth	Position(s) Held with Fund	Length of Time Served	Principal Occupation(s) During Past
=====			
Fund Officers(1)			

Donald C. Burke 40 East 52nd Street New York, NY 10022 1960	Fund President and Chief Executive Officer	Since 2007	Managing Director of BlackRock, Inc. Director of Merrill Lynch Investment Asset Management, L.P. ("FAM") in 2006; Treasurer thereof from 1997 to 2005; Treasurer thereof from 1990 to 1997.

Anne F. Ackerley 40 East 52nd Street New York, NY 10022 1962	Vice President	Since 2007	Managing Director of BlackRock, Inc. Officer of BlackRock's U.S. Retail Group. BlackRock's Mutual Fund Group from 2006 to 2007. Inc. from 1984 to 1986 and from 1988 to 2006. Vice President and Operating Officer of BlackRock Group.

Neal J. Andrews 40 East 52nd Street New York, NY 10022 1966	Chief Financial Officer	Since 2007	Managing Director of BlackRock, Inc. President and Line of Business Head of BlackRock's Asset Management Administration at PNC Global Investment Management (PFG Inc.) from 1992 to 2006.

Jay M. Fife 40 East 52nd Street New York, NY 10022 1970	Treasurer	Since 2007	Managing Director of BlackRock, Inc. Formerly Assistant Treasurer of the BlackRock Group from 2006 to 2007; Director of MLIM Fund Services from 2006 to 2007.

Brian P. Kindelan 40 East 52nd Street New York, NY 10022	Chief Compliance Officer of	Since 2007	Chief Compliance Officer of the BlackRock Group. Anti-Money Laundering Officer of the BlackRock Group from 2007 to 2008; Managing Director and Senior Counsel of the BlackRock Group from 2007 to 2008.

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1959 the Fund 2005; Director and Senior Counsel of
to 2004 and Vice President and Senior
2000; Formerly Senior Counsel of The

Howard Surloff Secretary Since 2007 Managing Director of BlackRock, Inc.
40 East 52nd Street at BlackRock, Inc. since 2006; Former
New York, NY 10022 Goldman Sachs Asset Management, L.P.
1965

(1) Officers of the Fund serve at the pleasure of the Board of Directors

Custodian

State Street Bank and
Trust Company
Boston, MA 02109

Transfer Agents

Common Stock:

Computershare Trust
Company, N.A.
Providence, RI 02940

Preferred Stock:

BNY Mellon
Shareowner Services
Jersey City, NJ 07310

Accounting Agent

State Street Bank and
Trust Company
Princeton, NJ 08540

Independent Registered Public Accounting Firm

Deloitte & Touche LLP
Princeton, NJ 08540

Legal Counsel

Skadden, Arps, Slate,
Meagher & Flom LLP
New York, NY 10036

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Additional Information

Dividend Policy

The Funds' dividend policy is to distribute all or a portion of their net investment income to their shareholders on a monthly basis. In order to provide shareholders with a more stable level of dividend distributions, the Funds may

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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 Funds for any particular month may be more or less than the amount of net investment income earned by the Funds during such month. The Funds' current accumulated but undistributed net investment income, if any, is disclosed in the Statements of Assets and Liabilities, which comprises part of the financial information included in this report.

Fund Certification

The Funds are listed for trading on the New York Stock Exchange ("NYSE") and have filed with the NYSE their annual chief executive officer certification regarding compliance with the NYSE's listing standards. Each Fund filed with the Securities and Exchange Commission ("SEC") the certification of their chief executive officer and chief financial officer required by section 302 of the Sarbanes-Oxley Act.

Availability of Quarterly Schedule of Investments

The Funds file their complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Funds' Forms N-Q are available on the SEC's website at <http://www.sec.gov> and 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 (800) SEC-0330. The Funds' Forms N-Q may also be obtained upon request and without charge by calling (800) 441-7762.

Electronic Delivery

Electronic copies of most financial reports are available on the Funds' websites or shareholders can sign up for e-mail notifications of quarterly statements, annual and semi-annual reports by enrolling in the Funds' electronic delivery program.

Shareholders Who Hold Accounts with Investment Advisors, Banks or Brokerages:

Please contact your financial advisor to enroll. Please note that not all investment advisors, banks or brokerages may offer this service.

General Information

The Funds do not make available copies of their Statements of Additional Information because the Funds' shares are not continuously offered, which means that the Statements of Additional Information of the Funds have not been updated after completion of the Funds' offering and the information contained in the Funds' Statements of Additional Information may have become outdated.

During the period, there were no material changes in the Funds' investment objectives or policies or to the Funds' charters or by-laws that were not approved by the shareholders or in the principal risk factors associated with investment in the Funds. There have been no changes in the persons who are primarily responsible for the day-to-day management of the Funds' portfolios.

The Funds will mail only one copy of shareholder documents, including annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called "householding" and it is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be househanded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household,

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please contact the Funds at (800) 441-7762.

Quarterly performance, semi-annual and annual reports and other information regarding the Funds may be found on BlackRock's website, which can be accessed at <http://www.blackrock.com>. This reference to BlackRock's website is intended to allow investors public access to information regarding the Funds and does not, and is not intended to, incorporate BlackRock's website into this report.

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Additional Information (concluded)

Deposit Securities

Effective May 30, 2008, following approval by the Funds' Board and the applicable ratings agencies, the definition of "Deposit Securities" in the Funds' Articles Supplementary was amended as follows in order to facilitate the redemption of the Funds' Preferred Stock. The following phrase was added to the definition of "Deposit Securities" found in the Funds' Articles Supplementary:

; provided, however, that solely in connection with any redemption of Preferred Stock, the term Deposit Securities shall include (i) any committed financing pursuant to a credit agreement, reverse repurchase agreement facility or similar credit arrangement, in each case which makes available to the Corporation, no later than the day preceding the applicable redemption date, cash in an amount not less than the aggregate amount due to Holders by reason of the redemption of their shares of Preferred Stock on such redemption date; and (ii) cash amounts due and payable to the Corporation out of a sale of its securities if such cash amount is not less than the aggregate amount due to Holders by reason of the redemption of their shares of Preferred Stock on such redemption date and such sale will be settled not later than the day preceding the applicable redemption date.

BlackRock Privacy Principles

BlackRock is committed to maintaining the privacy of its current and former fund investors and individual clients (collectively, "Clients") and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information BlackRock collects, how we protect that information and why in certain cases we share such information with select parties.

If you are located in a jurisdiction where specific laws, rules or regulations require BlackRock to provide you with additional or different privacy-related rights beyond what is set forth below, then BlackRock will comply with those specific laws, rules or regulations.

BlackRock obtains or verifies personal non-public information from and about you from different sources, including the following: (i) information we receive from you or, if applicable, your financial intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our websites.

BlackRock does not sell or disclose to non-affiliated third parties any non-public personal information about its Clients, except as permitted by law or as is necessary to respond to regulatory requests or to service Client accounts. These non-affiliated third parties are required to protect the confidentiality and security of this information and to use it only for its intended purpose.

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We may share information with our affiliates to service your account or to provide you with information about other BlackRock products or services that may be of interest to you. In addition, BlackRock restricts access to non-public personal information about its Clients to those BlackRock employees with a legitimate business need for the information. BlackRock maintains physical, electronic and procedural safeguards that are designed to protect the non-public personal information of its Clients, including procedures relating to the proper storage and disposal of such information.

Proxy Voting Policy

The Boards of the Funds have delegated the voting of proxies for Fund securities to the Advisor pursuant to the Advisor's proxy voting guidelines. Under these guidelines, the Advisor will vote proxies related to Fund securities in the best interests of each Fund and its stockholders. From time to time, a vote may present a conflict between the interests of the Funds' stockholders, on the one hand, and those of the Advisor, or any affiliated person of the Funds or the Advisor, on the other. In such event, provided that the Advisor's Equity Investment Policy Oversight Committee, or a sub-committee thereof (the "Committee") is aware of the real or potential conflict or material non-routine matter and if the Committee does not reasonably believe it is able to follow its general voting guidelines (or if the particular proxy matter is not addressed in the guidelines) and vote impartially, the Committee may retain an independent fiduciary to advise the Committee on how to vote or to cast votes on behalf of the Advisor's clients. If the Advisor determines not to retain an independent fiduciary, or does not desire to follow the advice of such independent fiduciary, the Committee shall determine how to vote the proxy after consulting with the Advisor's Portfolio Management Group and/or the Advisor's Legal and Compliance Department and concluding that the vote is in its client's best interest notwithstanding the conflict.

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This report is transmitted to shareholders only. It is not a prospectus. Past performance results shown in this report should not be considered a representation of future performance. The Funds have leveraged their Common Stock, which creates risks for Common Stock shareholders, including the likelihood of greater volatility of net asset value and market price of the Common Stock, and the risk that fluctuations in the short-term dividend rates of the Preferred Stock, currently set at the maximum reset rate as a result of failed auctions, may affect the yield to Common Stock shareholders. Statements and other information herein are as dated and are subject to change.

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling toll-free (800) 441-7762; (2) at www.blackrock.com; and (3) on the Securities and Exchange Commission's website at <http://www.sec.gov>. Information about how the Funds voted proxies relating to securities held in the Funds' portfolios during the most recent 12-month period ended June 30 is available upon request and without charge (1) at www.blackrock.com or by calling (800) 441-7762 and (2) on the Securities and Exchange Commission's website at <http://www.sec.gov>.

BlackRock MuniHoldings Insured Fund II, Inc.
BlackRock MuniYield Insured Fund, Inc.
100 Bellevue Parkway
Wilmington, DE 19809

BLACKROCK

Item 2 - Code of Ethics - The registrant (or the "Fund") has adopted a code of ethics, as of the end of the period covered by this report, applicable to the registrant's principal executive officer, principal financial officer and principal accounting officer, or persons performing similar functions. During the period covered by this report, there have been no amendments to or waivers granted under the code of ethics. A copy of the code of ethics is available without charge at www.blackrock.com.

Item 3 - Audit Committee Financial Expert - The registrant's board of directors or trustees, as applicable (the "board of directors") has determined that (i) the registrant has the following audit committee financial experts serving on its audit committee and (ii) each audit committee financial expert is independent:
 Kent Dixon (term began effective November 1, 2007)
 Frank J. Fabozzi (term began effective November 1, 2007)
 James T. Flynn (term began effective November 1, 2007)
 Joe Grills (term ended effective November 1, 2007)
 W. Carl Kester (term began effective November 1, 2007)
 Karen P. Robards (term began effective November 1, 2007)
 Robert S. Salomon, Jr.

The registrant's board of directors has determined that W. Carl Kester and Karen P. Robards qualify as financial experts pursuant to Item 3(c)(4) of Form N-CSR.

Prof. Kester has a thorough understanding of generally accepted accounting principles, financial statements and internal control over financial reporting as well as audit committee functions. Prof. Kester has been involved in providing valuation and other financial consulting services to corporate clients since 1978. Prof. Kester's financial consulting services present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements.

Ms. Robards has a thorough understanding of generally accepted accounting principles, financial statements and internal control over financial reporting as well as audit committee functions. Ms. Robards has been President of Robards & Company, a financial advisory firm, since 1987. Ms. Robards was formerly an investment banker for more than 10 years where she was responsible for evaluating and assessing the performance of companies based on their financial results. Ms. Robards has over 30 years of experience analyzing financial statements. She also is a member of the audit committee of one publicly held company and a non-profit organization.

Under applicable securities laws, a person determined to be an audit committee financial expert will not be deemed an "expert" for any purpose, including without limitation for the purposes of Section 11 of the Securities Act of 1933, as a result of being designated or identified as an audit committee financial expert. The designation or identification as an audit committee financial expert does not impose on such person any duties, obligations, or liabilities greater than the duties, obligations, and liabilities imposed on such person as a member of the audit committee and board of

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directors in the absence of such designation or identification.

Item 4 - Principal Accountant Fees and Services

Entity Name	(a) Audit Fees		(b) Audit-Related Fees(1)		(c) Tax Fees(2)	
	Current Fiscal Year End	Previous Fiscal Year End	Current Fiscal Year End	Previous Fiscal Year End	Current Fiscal Year End	Previous Fiscal Year End
BlackRock MuniYield Insured Fund, Inc.	\$32,300	\$57,350	\$3,500	\$3,500	\$6,100	\$6,100

- 1 The nature of the services include assurance and related services reasonably related to the performance of the audit of financial statements not included in Audit Fees.
- 2 The nature of the services include tax compliance, tax advice and tax planning.
- 3 The nature of the services include a review of compliance procedures and attestation thereto.

(e) (1) Audit Committee Pre-Approval Policies and Procedures:

The registrant's audit committee (the "Committee") has adopted policies and procedures with regard to the pre-approval of services. Audit, audit-related and tax compliance services provided to the registrant on an annual basis require specific pre-approval by the Committee. The Committee also must approve other non-audit services provided to the registrant and those non-audit services provided to the registrant's affiliated service providers that relate directly to the operations and the financial reporting of the registrant. Certain of these non-audit services that the Committee believes are a) consistent with the SEC's auditor independence rules and b) routine and recurring services that will not impair the independence of the independent accountants may be approved by the Committee without consideration on a specific case-by-case basis ("general pre-approval"). The term of any general pre-approval is 12 months from the date of the pre-approval, unless the Committee provides for a different period. Tax or other non-audit services provided to the registrant which have a direct impact on the operation or financial reporting of the registrant will only be deemed pre-approved provided that any individual project does not exceed \$10,000 attributable to the registrant or \$50,000 for all of the registrants the Committee oversees. For this purpose, multiple projects will be aggregated to determine if they exceed the previously mentioned cost levels.

Any proposed services exceeding the pre-approved cost levels will require specific pre-approval by the Committee, as will any other services not subject to general pre-approval (e.g., unanticipated but permissible services). The Committee is informed of each service approved subject to general pre-approval at the next regularly scheduled in-person board meeting. At this meeting, an analysis of such services is presented to the Committee for

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ratification. The Committee may delegate to one or more of its members the authority to approve the provision of and fees for any specific engagement of permitted non-audit services, including services exceeding pre-approved cost levels.

(e) (2) None of the services described in each of Items 4(b) through (d) were approved by the audit committee pursuant to paragraph (c) (7) (i) (C) of Rule 2-01 of Regulation S-X.

(f) Not Applicable

(g) Affiliates' Aggregate Non-Audit Fees:

Entity Name	Current Fiscal Year End	Previous Fiscal Year End
BlackRock MuniYield Insured Fund, Inc.	\$298,149	\$295,142

(h) The registrant's audit committee has considered and determined that the provision of non-audit services that were rendered to the registrant's investment adviser (not including any non-affiliated sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by the registrant's investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were not pre-approved pursuant to paragraph (c) (7) (ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence.

Regulation S-X Rule 2-01(c) (7) (ii) - \$287,500, 0%

Item 5 - Audit Committee of Listed Registrants - The following individuals are members of the registrant's separately-designated standing audit committee established in accordance with Section 3(a) (58) (A) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a) (58) (A)):

James H. Bodurtha (term ended effective November 1, 2007)
 Kent Dixon (term began effective November 1, 2007)
 Frank J. Fabozzi (term began effective November 1, 2007)
 James T. Flynn (term began effective November 1, 2007)
 Kenneth A. Froot (term ended effective November 1, 2007)
 Joe Grills (term ended effective November 1, 2007)
 W. Carl Kester (term began effective November 1, 2007)
 Herbert I. London (term ended effective November 1, 2007)
 Roberta Cooper Ramo (term ended effective November 1, 2007)
 Karen P. Robards (term began effective November 1, 2007)
 Robert S. Salomon, Jr.

Item 6 - Investments
 (a) The registrant's Schedule of Investments is included as part of the Report to Stockholders filed under Item 1 of this form.
 (b) Not Applicable due to no such divestments during the semi-annual period covered since the previous Form N-CSR filing.

Item 7 - Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies - The Board of Directors of the Fund has delegated the voting of proxies for the Fund securities to the

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Investment Adviser pursuant to the Investment Adviser's proxy voting guidelines. Under these guidelines, the Investment Adviser will vote proxies related to Fund securities in the best interests of the Fund and its stockholders. From time to time, a vote may present a conflict between the interests of the Fund's stockholders, on the one hand, and those of the Investment Adviser, or any affiliated person of the Fund or the Investment Adviser, on the other. In such event, provided that the Investment Adviser's Equity Investment Policy Oversight Committee, or a sub-committee thereof (the "Committee") is aware of the real or potential conflict or material non-routine matter and if the Committee does not reasonably believe it is able to follow its general voting guidelines (or if the particular proxy matter is not addressed in the guidelines) and vote impartially, the Committee may retain an independent fiduciary to advise the Committee on how to vote or to cast votes on behalf of the Investment Adviser's clients. If the Investment Adviser determines not to retain an independent fiduciary, or does not desire to follow the advice of such independent fiduciary, the Committee shall determine how to vote the proxy after consulting with the Investment Adviser's Portfolio Management Group and/or the Investment Adviser's Legal and Compliance Department and concluding that the vote cast is in its client's best interest notwithstanding the conflict. A copy of the Fund's Proxy Voting Policy and Procedures are attached as Exhibit 99.PROXYPOL. Information on how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, (i) at www.blackrock.com and (ii) on the SEC's website at <http://www.sec.gov>.

Item 8 - Portfolio Managers of Closed-End Management Investment Companies - as of July 31, 2008.

(a)(1) BlackRock Investment Quality Municipal Income Trust is managed by a team of investment professionals comprised of William R. Bock, Theodore R. Jaeckel and Walter O'Connor. Each is a member of BlackRock's municipal tax-exempt management group. Each is jointly responsible for the day-to-day management of the Fund's portfolio, which includes setting the Fund's overall investment strategy, overseeing the management of the Fund and/or selection of its investments. Messrs. Jaeckel and O'Connor have been members of the Fund's management team since 2006. Mr. Bock has been a member of the Fund's management team since 1993.

Mr. Jaeckel joined BlackRock in 2006. Prior to joining BlackRock, he was a Managing Director (Municipal Tax-Exempt Fund Management) of Merrill Lynch Investment Managers, L.P. ("MLIM") from 2005 to 2006 and a Director of MLIM from 1997 to 2005. He has been a portfolio manager with BlackRock or MLIM since 1991.

Mr. O'Connor joined BlackRock in 2006. Prior to joining BlackRock, he was a Managing Director (Municipal Tax-Exempt Fund Management) of MLIM from 2003 to 2006 and was a Director of MLIM from 1997 to 2002. He has been a portfolio manager with BlackRock or MLIM since 1991.

Mr. Bock joined BlackRock in 2006. Prior to joining BlackRock, he was a Director (Municipal Tax-Exempt Fund Management) of MLIM from 2005 to 2006. He has been a portfolio manager with BlackRock or MLIM since 1989.

(a)(2) As of July 31, 2008:

Number of Other Accounts Managed and Assets by Account Type					N As
Name of Portfolio Manager	Other Registered Investment Companies	Other Pooled Investment Vehicles	Other Accounts	Other Registered Investment Companies	
William R. Bock	3	0	0	0	
	\$752 Million	\$0	\$0	\$0	
Theodore R. Jaeckel, Jr.	81	0	0	0	
	\$18.63 Billion	\$0	\$0	\$0	
Walter O'Connor	81	0	0	0	
	\$18.63 Billion	\$0	\$0	\$0	

(iv) Potential Material Conflicts of Interest

BlackRock, Inc. and its affiliates (collectively, herein "BlackRock") has built a professional working environment, firm-wide compliance culture and compliance procedures and systems designed to protect against potential incentives that may favor one account over another. BlackRock has adopted policies and procedures that address

the allocation of investment opportunities, execution of portfolio transactions, personal trading by employees and other potential conflicts of interest that are designed to ensure that all client accounts are treated equitably over time. Nevertheless, BlackRock furnishes investment management and advisory services to numerous clients in addition to the Fund, and BlackRock may, consistent with applicable law, make investment recommendations to other clients or accounts (including accounts which are hedge funds or have performance or higher fees paid to BlackRock, or in which portfolio managers have a personal interest in the receipt of such fees), which may be the same as or different from those made for the Fund. In addition, BlackRock, its affiliates and any officer, director, stockholder or employee may or may not have an interest in the securities whose purchase and sale BlackRock recommends to the Fund. BlackRock, or any of its affiliates, or any officer, director, stockholder, employee or any member of their families may take different actions than those recommended to the Fund by BlackRock with respect to the same securities. Moreover, BlackRock may refrain from rendering any advice or services concerning securities of companies of which any of BlackRock's (or its affiliates') officers, directors or employees are directors or officers, or companies as to which BlackRock or any of its affiliates or the officers, directors or employees of any of them has any substantial economic interest or

possesses material non-public information. Each portfolio manager also may manage accounts whose investment strategies may at times be opposed to the strategy utilized for a fund. In this regard, it should be noted that a portfolio manager may currently manage certain accounts that are subject to performance fees. In addition, a portfolio manager may assist in managing certain hedge funds and may be entitled to receive a portion of any incentive fees earned on such funds and a portion of such incentive fees may be voluntarily or involuntarily deferred. Additional portfolio managers may in the future manage other such accounts or funds and may be entitled to receive incentive fees.

As a fiduciary, BlackRock owes a duty of loyalty to its clients and must treat each client fairly. When BlackRock purchases or sells securities for more than one account, the trades must be allocated in a manner consistent with its fiduciary duties. BlackRock attempts to allocate investments in a fair and equitable manner among client accounts, with no account receiving preferential treatment. To this end, BlackRock has adopted a policy that is intended to ensure that investment opportunities are allocated fairly and equitably among client accounts over time. This policy also seeks to achieve reasonable efficiency in client transactions and provide BlackRock with sufficient flexibility to allocate investments in a manner that is consistent with the particular investment discipline and client base.

(a) (3) As of July 31, 2008:

Portfolio Manager Compensation Overview

BlackRock's financial arrangements with its portfolio managers, its competitive compensation and its career path emphasis at all levels reflect the value senior management places on key resources. Compensation may include a variety of components and may vary from year to year based on a number of factors. The principal components of compensation include a base salary, a performance-based discretionary bonus, participation in various benefits programs and one or more of the incentive compensation programs established by BlackRock such as its Long-Term Retention and Incentive Plan.

Base compensation. Generally, portfolio managers receive base compensation based on their seniority and/or their position with the firm. Senior portfolio managers who perform additional management functions within the portfolio management group or within BlackRock may receive additional compensation for serving in these other capacities.

Discretionary Incentive Compensation

Discretionary incentive compensation is a function of several components: the performance of BlackRock, Inc., the performance of the portfolio manager's group within BlackRock, the investment performance, including risk-adjusted returns, of the firm's assets under management or supervision by that portfolio manager relative to predetermined benchmarks, and the individual's seniority, role within the portfolio management team, teamwork and contribution to the overall performance of these portfolios and BlackRock. In most cases, including for the portfolio managers of the Fund, these benchmarks are the same as the benchmark or benchmarks against which the performance of the Fund or other accounts managed by the

portfolio managers are measured. BlackRock's Chief Investment Officers determine the benchmarks against which the performance of funds and other accounts managed by each portfolio manager is compared and the period of time over which performance is evaluated. With respect to the portfolio managers, such benchmarks for the Fund include a combination of market-based indices (e.g. Lehman Brothers Municipal Bond Index), certain customized indices and certain fund industry peer groups.

BlackRock's Chief Investment Officers make a subjective determination with respect to the portfolio managers' compensation based on the performance of the funds and other accounts managed by each portfolio manager relative to the various benchmarks noted above. Performance is measured on both a pre-tax and after-tax basis over various time periods including 1, 3, 5 and 10-year periods, as applicable.

Distribution of Discretionary Incentive Compensation

Discretionary incentive compensation is distributed to portfolio managers in a combination of cash and BlackRock, Inc. restricted stock units which vest ratably over a number of years. The BlackRock, Inc. restricted stock units, if properly vested, will be settled in BlackRock, Inc. common stock. Typically, the cash bonus, when combined with base salary, represents more than 60% of total compensation for the portfolio managers. Paying a portion of annual bonuses in stock puts compensation earned by a portfolio manager for a given year "at risk" based on BlackRock's ability to sustain and improve its performance over future periods.

Long-Term Retention and Incentive Plan ("LTIP") -- The LTIP is a long-term incentive plan that seeks to reward certain key employees. Beginning in 2006, awards are granted under the LTIP in the form of BlackRock, Inc. restricted stock units that, if properly vested and subject to the attainment of certain performance goals, will be settled in BlackRock, Inc. common stock. Each portfolio manager except Mr. Bock has received awards under the LTIP.

Deferred Compensation Program -- A portion of the compensation paid to eligible BlackRock employees may be voluntarily deferred into an account that tracks the performance of certain of the firm's investment products. Each participant in the deferred compensation program is permitted to allocate his deferred amounts among the various investment options. Each portfolio manager has participated in the deferred compensation program.

Other compensation benefits. In addition to base compensation and discretionary incentive compensation, portfolio managers may be eligible to receive or participate in one or more of the following:

Incentive Savings Plans -- BlackRock, Inc. has created a variety of incentive savings plans in which BlackRock employees are eligible to participate, including a 401(k) plan, the BlackRock Retirement Savings Plan (RSP), and the BlackRock Employee Stock Purchase Plan (ESPP). The employer contribution components of the RSP include a company match equal to 50% of the first 6% of eligible pay contributed to the plan capped at \$4,000 per year, and a company retirement contribution equal to 3% of eligible compensation, plus an additional contribution of 2% for any year in which BlackRock has positive net operating income. The RSP offers a range of investment

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options, including registered investment companies managed by the firm. BlackRock contributions follow the investment direction set by participants for their own contributions or, absent employee investment direction, are invested into a balanced portfolio. The ESPP allows for investment in BlackRock common stock at a 5% discount on the fair market value of the stock on the purchase date. Annual participation in the ESPP is limited to the purchase of 1,000 shares or a dollar value of \$25,000. Each portfolio manager is eligible to participate in these plans.

(a) (4) Beneficial Ownership of Securities. As of July 31, 2008, none of Messrs. Bock, Jaeckel or O'Connor beneficially owned any stock issued by the Fund.

Item 9 - Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers - Not Applicable due to no such purchases during the period covered by this report.

Item 10 - Submission of Matters to a Vote of Security Holders - The registrant's Nominating and Governance Committee will consider nominees to the board of directors recommended by shareholders when a vacancy becomes available. Shareholders who wish to recommend a nominee should send nominations that include biographical information and set forth the qualifications of the proposed nominee to the registrant's Secretary. There have been no material changes to these procedures.

Item 11 - Controls and Procedures

11(a) - The registrant's principal executive and principal financial officers or persons performing similar functions 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 (the "1940 Act")) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended.

11(b) - There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12 - Exhibits attached hereto

12(a) (1) - Code of Ethics - See Item 2

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.

BlackRock MuniYield Insured Fund, Inc.

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By: /s/ Donald C. Burke

Donald C. Burke
Chief Executive Officer of
BlackRock MuniYield Insured Fund, Inc.

Date: September 19, 2008

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/ Donald C. Burke

Donald C. Burke
Chief Executive Officer (principal executive officer) of
BlackRock MuniYield Insured Fund, Inc.

Date: September 19, 2008

By: /s/ Neal J. Andrews

Neal J. Andrews
Chief Financial Officer (principal financial officer) of
BlackRock MuniYield Insured Fund, Inc.

Date: September 19, 2008