

INSURED MUNICIPAL INCOME FUND INC
Form N-Q
February 28, 2005

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

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number: 811-07528
Insured Municipal Income Fund Inc.
(Exact name of registrant as specified in charter)
51 West 52nd Street, New York, New York 10019-6114
(Address of principal executive offices) (Zip code)
Mark F. Kemper, Esq.
UBS Global Asset Management (US) Inc.
51 West 52nd Street
New York, NY 10019-6114
(Name and address of agent for service)

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

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

Date of fiscal year end: March 31

Date of reporting period: December 31, 2004

Item 1. Schedule of Investments

Insured Municipal Income Fund Inc.

SCHEDULE OF INVESTMENTS December 31, 2004 (unaudited)

| Principal Amount (000) (\$) | | Moody's Rating | S&P Rating | Maturity Dates | Interest Rates (%) | Value (\$) |
|--|---|----------------|------------|----------------|--------------------|------------|
| Long-Term Municipal Bonds 159.68% | | | | | | |
| Alabama 0.52% | | | | | | |
| 1,590 | Alabama Water Pollution Control Authority Revolving Fund Loan-Series A (AMBAC Insured) | Aaa | AAA | 08/15/17 | 6.750 | 1,636,174 |
| California 53.42% | | | | | | |
| 10,000 | California State Department of Water Resources Power Supply Revenue-Series A (AMBAC Insured) | Aaa | AAA | 05/01/16 | 5.500 | 11,258,300 |
| 3,060 | California State Department of Water Resources Power Supply Revenue-Series A (MBIA Insured) | Aaa | AAA | 05/01/12 | 5.250 | 3,445,070 |
| 4,000 | California State Department of Water Resources Revenue-Series W (FSA Insured) | Aaa | AAA | 12/01/14 | 5.500 | 4,644,200 |
| 3,000 | California State Department of Water Resources Revenue-Systems Central Valley Project-Series AC (MBIA Insured) | Aaa | AAA | 12/01/27 | 5.000 | 3,128,580 |
| 2,500 | California State Economic Recovery-Series A (FGIC Insured) | Aaa | AAA | 07/01/14 | 5.250 | 2,840,175 |
| 8,000 | California State Economic Recovery-Series A (MBIA Insured) | Aaa | AAA | 07/01/12 | 5.000 | 8,913,920 |
| 3,000 | California State Economic Recovery-Series A (MBIA Insured) | Aaa | AAA | 07/01/15 | 5.000 | 3,322,680 |
| 30 | California State General Obligation (FGIC Insured) | Aaa | AAA | 11/01/12 | 7.000 | 31,055 |
| 3,000 | California State General Obligation Refunding (MBIA Insured) | A3 | AAA | 02/01/10 | 6.000 | 3,447,240 |
| 3,305 | Chino Valley Unified School District-Series A (FSA Insured) | Aaa | AAA | 08/01/26 | 5.000 | 3,445,363 |
| 5,000 | Contra Costa Water District Revenue Refunding Series M (FSA Insured) | Aaa | AAA | 10/01/18 | 5.000 | 5,415,700 |
| 3,125 | Contra Costa Water District Revenue-Series L (FSA Insured) | Aaa | AAA | 10/01/19 | 5.000 | 3,344,188 |
| 3,200 | Livermore-Amador Valley Water Management Agency Sewer Revenue-Series A (AMBAC Insured) | Aaa | AAA | 08/01/14 | 5.250 | 3,551,072 |
| 2,000 | Long Beach Finance Authority Lease Revenue-Aquarium of the South Pacific (AMBAC Insured) | Aaa | AAA | 11/01/15 | 5.500 | 2,251,480 |
| 6,340 | Los Angeles County Metropolitan Transportation Authority Sales Tax Revenue Refunding-Proposition C-(MBIA Insured) | Aaa | AAA | 07/01/12 | 5.250 | 7,168,955 |
| 8,475 | | Aaa | AAA | 10/01/20 | 5.000 | 9,095,031 |

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| | | | | | | |
|--------|--|-----|-----|----------|-------|------------|
| | Los Angeles County Sanitation Districts Financing Authority Revenue-Capital Project-Series A (FSA Insured) | | | | | |
| 3,000 | Los Angeles University School District-Series A (FSA Insured) | Aaa | AAA | 07/01/20 | 5.250 | 3,284,340 |
| 11,625 | Los Angeles Waste & Water Systems Revenue Refunding-Subseries A (MBIA Insured) | Aaa | AAA | 06/01/26 | 5.000 | 12,110,809 |
| 5,000 | Los Angeles Water & Power Revenue-Power Systems-Series A (MBIA-IBC Insured) | NR | AAA | 07/01/24 | 5.000 | 5,235,900 |
| 7,000 | Los Angeles Water & Power Revenue-Power Systems-Series A-A-1 (FSA Insured) | Aaa | AAA | 07/01/21 | 5.250 | 7,615,370 |
| 3,000 | Los Angeles Water & Power Revenue-Power Systems-Series A-Subseries A-2 (MBIA Insured) | Aaa | AAA | 07/01/16 | 5.000 | 3,268,500 |
| 5,000 | Los Angeles Water & Power Revenue-Power Systems-Series A-Subseries A-2 (MBIA-IBC Insured) | Aaa | AAA | 07/01/30 | 5.000 | 5,146,500 |
| 6,000 | Los Angeles Water & Power Revenue-Power Systems-Series B (FSA Insured) | Aaa | AAA | 07/01/25 | 5.000 | 6,285,540 |
| 1,000 | Marin Municipal Water District Revenue (AMBAC Insured) | Aaa | AAA | 07/01/18 | 5.000 | 1,072,950 |

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| Principal Amount (000) (\$) | | Moody s Rating | S&P Rating | Maturity Dates | Interest Rates (%) | Value (\$) |
|-----------------------------------|--|----------------|------------|----------------|--------------------|-------------|
| 7,160 | Oxnard Financing Authority Waste & Water Revenue-Redwood Trunk Sewer & Headworks-Series A (FGIC Insured) | Aaa | AAA | 06/01/34 | 5.250 | 7,582,870 |
| 6,520 | Placentia-Yorba Linda Unified School District-Series A (FGIC Insured) | Aaa | AAA | 08/01/26 | 5.000 | 6,769,716 |
| 7,000 | Sacramento Municipal Utility Revenue-Municipal Utility District-Series R (MBIA Insured) | Aaa | AAA | 08/15/19 | 5.000 | 7,537,670 |
| 17,090 | San Diego Unified School District-Election 1998-Series F (FSA Insured) | Aaa | AAA | 07/01/29 | 5.000 | 17,677,896 |
| 4,000 | San Francisco City & County Airport Commission International Airport-Second Series 27B (FGIC Insured) | Aaa | AAA | 05/01/15 | 5.250 | 4,375,360 |
| 5,580 | Southern California Public Power Authority Transmission Project Revenue Refunding (FGIC Insured) | Aaa | AAA | 07/01/12 | 7.300# | 4,216,750 |
| | | | | | | 167,483,180 |
| District of Columbia 2.27% | | | | | | |
| 2,650 | District of Columbia General Obligation-Series B (AMBAC Insured) | Aaa | AAA | 06/01/16 | 5.000 | 2,859,324 |
| 4,000 | District of Columbia Hospital Revenue-Medlantic Healthcare-Series A (Escrowed to Maturity) (MBIA Insured) | Aaa | AAA | 08/15/14 | 5.750 | 4,272,160 |
| | | | | | | 7,131,484 |
| Florida 1.03% | | | | | | |
| 3,000 | Miami-Dade County Expressway Authority Toll System Revenue-Series B (FGIC Insured) | Aaa | AAA | 07/01/26 | 5.250 | 3,225,210 |
| Georgia 5.74% | | | | | | |
| 3,815 | Atlanta Water & Waste Revenue-Series A (Pre-refunded with U.S. Government Securities to 05/01/09 @ \$101) (FGIC Insured) | Aaa | AAA | 11/01/29 | 5.000 | 4,222,595 |
| 1,015 | Columbus Building Authority Lease Revenue-Series A (FGIC Insured) | Aaa | AAA | 01/01/16 | 5.250 | 1,129,989 |
| 2,000 | Georgia Municipal Electric Authority Power Revenue-Series A (FSA Insured) | Aaa | AAA | 01/01/18 | 5.000 | 2,137,180 |
| 4,515 | Georgia Municipal Electric Authority Power Revenue-Unrefunded-Series Y (FSA-CR Insured) | Aaa | AAA | 01/01/10 | 10.000 | 5,967,385 |
| 3,425 | Georgia Municipal Electric Authority Power Revenue-Unrefunded-Series Y (MBIA-IBC Insured) | Aaa | AAA | 01/01/10 | 10.000 | 4,526,754 |
| | | | | | | 17,983,903 |
| Illinois 10.54% | | | | | | |
| 1,500 | Chicago General Obligation-Series A (FSA Insured) | Aaa | AAA | 01/01/25 | 5.000 | 1,564,020 |
| 2,000 | Chicago General Obligation-Series A (FSA Insured) | Aaa | AAA | 01/01/26 | 5.000 | 2,074,840 |

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|-------|--|-----|-----|----------|-------|-----------|
| 8,400 | Chicago O Hare International Airport Revenue-Second Lien-Series A (MBIA Insured) | Aaa | AAA | 01/01/15 | 6.375 | 8,573,040 |
| 1,000 | Chicago Project & Refunding-Series A (MBIA Insured) | Aaa | AAA | 01/01/14 | 5.500 | 1,121,900 |
| 4,000 | Illinois Development Finance Authority Pollution Control Revenue-Commonwealth Edison Co. Project-Series D (AMBAC Insured) | Aaa | AAA | 03/01/15 | 6.750 | 4,108,400 |
| 4,500 | Illinois Health Facilities Authority Revenue-Franciscan Sisters Health Care-Series C (Escrowed to Maturity) (MBIA Insured) | Aaa | AAA | 09/01/18 | 5.750 | 5,258,835 |
| 3,000 | Kane McHenry Cook & De Kalb Counties-United School District No. 300 (MBIA Insured) | Aaa | AAA | 12/01/15 | 5.500 | 3,377,430 |

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| Principal Amount (000) (\$) | | Moody's Rating | S&P Rating | Maturity Dates | Interest Rates (%) | Value (\$) |
|-----------------------------|---|----------------|------------|----------------|--------------------|------------|
| 5,000 | Metropolitan Pier & Exposition Authority-Illinois Dedicated State Tax Capital Appreciation-Series A-2002 (FGIC Insured) | Aaa | AAA | 06/15/10 | 6.650# | 4,177,650 |
| 2,395 | Metropolitan Pier & Exposition Authority-Illinois Dedicated State Tax-Series A - 2002 (Pre-refunded with U.S. Government Securities to 06/15/19 @ \$100) (FGIC Insured) | Aaa | AAA | 12/15/23 | 5.500 | 2,802,557 |
| | | | | | | 33,058,672 |
| Indiana 0.35% | | | | | | |
| 1,000 | Indiana University Revenue-Student Fee-Series O (FGIC Insured) | Aaa | AAA | 08/01/18 | 5.250 | 1,099,100 |
| Maine 1.55% | | | | | | |
| 4,785 | Maine Health & Higher Educational Facilities Authority Revenue-Series A (Escrowed to Maturity) (FSA Insured) | Aaa | AAA | 07/01/23 | 5.500 | 4,843,951 |
| Maryland 1.75% | | | | | | |
| 5,000 | Maryland State General Obligation Refunding | Aaa | AAA | 02/01/09 | 5.000 | 5,482,850 |
| Massachusetts 0.98% | | | | | | |
| 2,800 | Massachusetts Water Pollution Abatement Trust MWRA Program-Series A | Aaa | AAA | 08/01/20 | 5.250 | 3,059,644 |
| Michigan 2.54% | | | | | | |
| 4,475 | Eastern Michigan University Revenue-Series A (FGIC Insured) | Aaa | AAA | 06/01/19 | 5.000 | 4,791,964 |
| 2,880 | Michigan Municipal Bond Authority Clean Water Revenue Fund | Aaa | AAA | 10/01/19 | 5.250 | 3,163,104 |
| | | | | | | 7,955,068 |
| Missouri 1.69% | | | | | | |
| 1,740 | St. Louis Airport Revenue-Capital Improvement Project-Series A (MBIA Insured) | Aaa | AAA | 07/01/15 | 5.375 | 1,934,184 |
| 2,035 | St. Louis Airport Revenue-Capital Improvement Project-Series A (MBIA Insured) | Aaa | AAA | 07/01/16 | 5.375 | 2,255,065 |
| 1,000 | St. Louis Airport Revenue-Capital Improvement Project-Series A (MBIA Insured) | Aaa | AAA | 07/01/18 | 5.375 | 1,100,600 |
| | | | | | | 5,289,849 |
| Nevada 3.72% | | | | | | |
| 4,000 | Washoe County Gas & Water Facilities Revenue-Sierra Pacific Power Co. Project-Series B (MBIA Insured) | Aaa | AAA | 06/01/23 | 5.900 | 4,051,280 |
| 7,500 | Washoe County Water Facilities Revenue-Sierra Pacific Power Co. | Aaa | AAA | 06/01/23 | 5.900 | 7,596,150 |

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|---------------------------------|---|-----|-----|----------|-------|--|------------|
| Project-Series A (MBIA Insured) | | | | | | | 11,647,430 |
| New Jersey 1.09% | | | | | | | |
| 3,150 | New Jersey Economic Development Authority Revenue-Cigarette Tax (FGIC Insured) | Aaa | AAA | 06/15/09 | 5.000 | | 3,422,097 |
| New Mexico 10.90% | | | | | | | |
| 8,850 | Gallup Pollution Control Revenue-Plains Electric Generation (MBIA Insured) | Aaa | AAA | 08/15/17 | 6.650 | | 8,980,714 |
| 15,000 | New Mexico Finance Authority State Transportation Revenue-Senior Lien-Series A (MBIA Insured) | Aaa | AAA | 06/15/20 | 5.250 | | 16,476,300 |
| 4,130 | University of New Mexico Revenue-Hospital Meeting (FSA-FHA Insured) | Aaa | AAA | 01/01/23 | 5.000 | | 4,304,410 |
| 4,230 | University of New Mexico Revenue-Hospital Meeting (FSA-FHA Insured) | Aaa | AAA | 07/01/23 | 5.000 | | 4,408,633 |
| | | | | | | | 34,170,057 |

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| Principal Amount (000) (\$) | | Moody's Rating | S&P Rating | Maturity Dates | Interest Rates (%) | Value (\$) |
|-----------------------------|---|----------------|------------|----------------|--------------------|------------|
| New York 12.60% | | | | | | |
| 3,000 | New York State Dormitory Authority Revenue-Series B (FGIC Insured) | Aaa | AAA | 11/15/29 | 5.250 | 3,312,180 |
| 3,000 | New York State Dormitory Authority Revenue-Sloan Kettering Center-Series 1 (MBIA Insured) | Aaa | AAA | 07/01/16 | 5.000 | 3,252,600 |
| 2,000 | Long Island Power Authority Electric System Revenue-Series A (FSA Insured) | Aaa | AAA | 12/01/22 | 5.125 | 2,146,280 |
| 5,650 | Metropolitan Transportation Authority Dedicated Tax Fund-Series A (FSA Insured) | Aaa | AAA | 11/15/24 | 5.250 | 6,063,467 |
| 5,000 | Metropolitan Transportation Authority Revenue-Series A (AMBAC Insured) | Aaa | AAA | 11/15/16 | 5.500 | 5,614,300 |
| 4,000 | Metropolitan Transportation Authority Revenue-Series A (FGIC Insured) | Aaa | AAA | 11/15/17 | 5.000 | 4,342,760 |
| 1,200 | New York City General Obligation-Series F (MBIA-IBC Insured) | Aaa | AAA | 08/01/12 | 5.750 | 1,383,864 |
| 11,555 | Triborough Bridge & Tunnel Authority Revenue-General Purpose-Series Y | Aa3 | AAA | 01/01/12 | 6.000 | 13,383,694 |
| | | | | | | 39,499,145 |
| North Carolina 1.23% | | | | | | |
| 3,505 | Charlotte Certificates of Participation Refunding-Convention Facilities Project-Series A (MBIA Insured) | Aaa | AAA | 08/01/12 | 5.000 | 3,860,512 |
| Ohio 2.40% | | | | | | |
| 5,000 | Cleveland Airport Systems Revenue-Series A (FSA Insured) | Aaa | AAA | 01/01/14 | 5.250 | 5,475,500 |
| 1,870 | Ohio Water Development Authority-Pollution Control Facilities Revenue-Water Control Loan Fund-Water Quality Series (MBIA Insured) | Aaa | AAA | 06/01/13 | 5.500 | 2,053,092 |
| | | | | | | 7,528,592 |
| Pennsylvania 1.99% | | | | | | |
| 1,000 | Philadelphia General Obligation (FSA Insured) | Aaa | AAA | 03/15/13 | 5.250 | 1,097,850 |
| 1,000 | Philadelphia General Obligation (FSA Insured) | Aaa | AAA | 03/15/14 | 5.250 | 1,097,850 |
| 3,750 | Philadelphia School District-Series A (MBIA Insured) | Aaa | AAA | 04/01/16 | 5.250 | 4,049,925 |
| | | | | | | 6,245,625 |
| Puerto Rico 1.77% | | | | | | |
| 5,000 | Puerto Rico Public Finance Corp. Commonwealth Appropriation-Series A (FGIC Insured) | Aaa | AAA | 08/01/31 | 5.250 | 5,563,150 |
| Rhode Island 6.25% | | | | | | |
| 5,140 | Rhode Island Depositors Economic Protection Corp. Special | NR | AAA | 08/01/14 | 5.750 | 6,060,780 |

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|-------|---|-----|-----|----------|-------|------------|
| | Obligation-Series A (Escrowed to Maturity) (FSA Insured) | | | | | |
| 4,860 | Rhode Island Depositors Economic Protection Corp. Special Obligation-Series A (Escrowed to Maturity) (FSA Insured) | Aaa | AAA | 08/01/14 | 5.750 | 5,692,275 |
| 7,000 | Rhode Island Depositors Economic Protection Corp. Special Obligation-Series B (Pre-refunded with U.S. Government Securities to 02/01/11 @ \$100) (MBIA Insured) | Aaa | AAA | 08/01/21 | 5.250 | 7,854,350 |
| | | | | | | 19,607,405 |

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| Principal Amount (000) (\$) | | Moody's Rating | S&P Rating | Maturity Dates | Interest Rates (%) | Value (\$) |
|-----------------------------|---|----------------|------------|----------------|--------------------|------------|
| South Carolina 2.06% | | | | | | |
| 2,625 | Charleston County Hospital Facilities Revenue-Bon Secours Health System Project (Escrowed to Maturity) (FSA Insured) | Aaa | AAA | 08/15/25 | 5.625 | 2,669,861 |
| 2,500 | Medical University of South Carolina Hospital Authority Hospital Facilities Revenue Refunding-Series A (MBIA-FHA Insured) | Aaa | AAA | 02/15/25 | 5.250 | 2,667,125 |
| 1,000 | Myrtle Beach Water & Sewer Revenue System (FGIC Insured) | Aaa | AAA | 03/01/15 | 5.375 | 1,120,980 |
| | | | | | | 6,457,966 |
| Texas 21.79% | | | | | | |
| 2,000 | Corpus Christi Utilities System Revenue Refunding & Improvement (FSA Insured) | Aaa | AAA | 07/15/17 | 5.250 | 2,188,740 |
| 5,170 | Fort Bend Independent School District Refunding-Series A (PSF-GTD Insured) | NR | AAA | 08/15/26 | 5.250 | 5,540,793 |
| 2,120 | Frisco Certificates Obligation-Series A (FGIC Insured) | Aaa | AAA | 02/15/14 | 5.250 | 2,336,282 |
| 3,000 | Harris County Toll Road Sub-Lien (FGIC Insured) | Aaa | AAA | 08/01/09 | 6.000 | 3,410,580 |
| 13,500 | Houston Utility Systems Revenue Refunding-First Lien-Series A (FGIC Insured) | Aaa | AAA | 05/15/23 | 5.250 | 14,631,705 |
| 6,000 | Houston Water & Sewer System Revenue-Junior Lien-Series A (FSA Insured) | Aaa | AAA | 12/01/15 | 5.500 | 6,735,240 |
| 2,000 | Irving Independent School District Refunding-Capital Appreciation-Series A (PSF-GTD Insured) | Aaa | AAA | 02/15/12 | 4.960# | 1,519,220 |
| 2,000 | Jefferson County General Obligation (FGIC Insured) | Aaa | AAA | 08/01/20 | 5.250 | 2,171,320 |
| 10,000 | Lubbock Health Facilities Development Corp.-Hospital Revenue-Methodist Hospital-Series A (Pre-refunded with U.S. Government Securities to 12/01/05 @ \$100) (AMBAC Insured) | Aaa | AAA | 12/01/22 | 5.900 | 10,347,400 |
| 4,000 | San Antonio Electric & Gas Revenue-Unrefunded (FSA-CR Insured) | Aaa | AAA | 02/01/12 | 5.000 | 4,419,920 |
| 1,065 | San Antonio Refunding-General Improvement Forward-Series 2006 (FGIC Insured) (a) | Aaa | AAA | 08/01/12 | 5.250 | 1,142,532 |
| 1,420 | San Antonio Refunding-General Improvement Forward-Series 2006 (FGIC Insured) (a) | Aaa | AAA | 08/01/13 | 5.250 | 1,528,857 |
| 155 | San Antonio Water Revenue (MBIA Insured) | Aaa | AAA | 05/15/16 | 6.000 | 168,124 |
| 720 | San Antonio Water Revenue (Pre-refunded with U.S. Government Securities to 05/15/07 @ \$100) (MBIA | Aaa | AAA | 05/15/16 | 6.000 | 834,472 |

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|-------------------------|---|-----|-----|----------|--------|------------|
| | Insured) | | | | | |
| 6,110 | Texas A&M University Fund Refunded | Aaa | NR | 07/01/17 | 5.250 | 6,710,247 |
| 4,170 | Williamson County General Obligation (FSA Insured) | Aaa | AAA | 02/15/17 | 5.500 | 4,616,148 |
| | | | | | | 68,301,580 |
| Utah 0.72% | | | | | | |
| 2,055 | Utah Water Finance Agency Revenue-Pooled Loan Financing Program-Series C (AMBAC Insured) | Aaa | NR | 10/01/18 | 5.250 | 2,258,178 |
| Washington 7.19% | | | | | | |
| 5,210 | Washington State Public Power Supply Revenue Refunding-Systems Nuclear Project No. 2-Series A (MBIA Insured) | Aaa | AAA | 07/01/11 | 6.550# | 4,128,925 |
| 2,220 | Cowlitz County School District No. 458 Kelso (FSA Insured) | Aaa | NR | 12/01/15 | 5.750 | 2,542,166 |
| 1,000 | Cowlitz County School District No. 458 Kelso (FSA Insured) | Aaa | NR | 12/01/18 | 5.750 | 1,140,920 |
| 2,000 | Energy Northwest Electric Revenue-Columbia Generator Station-Series F (MBIA Insured) | Aaa | AAA | 07/01/18 | 5.000 | 2,136,980 |
| 2,175 | Energy Northwest Electric Revenue-Project No. 1-Series A (MBIA Insured) | Aaa | AAA | 07/01/15 | 5.750 | 2,484,590 |

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| Principal Amount (000) (\$) | | Moody's Rating | S&P Rating | Maturity Dates | Interest Rates (%) | Value (\$) |
|--|---|----------------|------------|----------------|--------------------|-------------|
| 2,000 | King County School District No. 403 Renton (FGIC Insured) | Aaa | AAA | 12/01/14 | 5.250 | 2,156,520 |
| 3,625 | Snohomish County School District No. 015 Edmonds (FGIC Insured) | Aaa | AAA | 12/01/15 | 5.250 | 3,891,546 |
| 3,785 | Spokane County Refunding-Series B (MBIA Insured) | Aaa | AAA | 12/01/10 | 5.000 | 4,061,721 |
| | | | | | | 22,543,368 |
| West Virginia 3.19% | | | | | | |
| 10,000 | Marshall County Pollution Control Revenue-Ohio Power Project-Series D (MBIA Insured) | Aaa | AAA | 04/01/22 | 5.900 | 10,016,900 |
| Wisconsin 0.40% | | | | | | |
| 1,105 | Ladysmith-Hawkins School District Refunding (FGIC Insured) | Aaa | NR | 04/01/20 | 5.500 | 1,260,363 |
| Total Long-Term Municipal Bonds (cost-\$485,854,528) | | | | | | 500,631,453 |
| Short-Term Municipal Notes 6.95% | | | | | | |
| Massachusetts 1.14% | | | | | | |
| 80 | Massachusetts State Health & Education Facilities Authority Revenue-Capital Asset Program-Series B (MBIA Insured) | VMIG-1 | A-1+ | 01/03/05 | 2.160* | 80,000 |
| 3,500 | Massachusetts State Health & Education Facilities Authority Revenue-Capital Asset Program-Series C (MBIA Insured) | VMIG-1 | A-1+ | 01/03/05 | 2.160* | 3,500,000 |
| | | | | | | 3,580,000 |
| Missouri 2.55% | | | | | | |
| 4,400 | Missouri Development Finance Board Cultural Facilities Revenue-Nelson Gallery Funding-Series B (MBIA Insured) | VMIG-1 | A-1+ | 01/03/05 | 2.190* | 4,400,000 |
| 3,600 | Missouri Health & Educational Facilities Authority Health Facilities Revenue-Cox Health Systems (AMBAC Insured) | VMIG-1 | A-1+ | 01/03/05 | 2.250* | 3,600,000 |
| | | | | | | 8,000,000 |
| New York 1.95% | | | | | | |
| 4,900 | New York City General Obligation-Series B-Subseries B-4 (MBIA Insured) | VMIG-1 | A-1+ | 01/03/05 | 2.100* | 4,900,000 |
| 1,200 | New York City Municipal Water Finance Authority Water & Sewer Systems Revenue-Series C (FGIC Insured) | VMIG-1 | A-1+ | 01/03/05 | 2.100* | 1,200,000 |
| | | | | | | 6,100,000 |
| Washington 1.31% | | | | | | |
| 4,100 | Washington State Health Care Facilities Authority Revenue-Providence Services-Series A | VMIG-1 | A-1+ | 01/03/05 | 2.200* | 4,100,000 |

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(MBIA Insured)

| | |
|--|---------------|
| Total Short-Term Municipal Notes (cost \$21,780,000) | 21,780,000 |
| Total Investments (cost \$507,634,528)(1)(2) 166.63% | 522,411,453 |
| Other assets in excess of liabilities 0.35% | 1,107,357 |
| Liquidation Value of Auction Preferred Shares (66.98%) | (210,000,000) |
| Net Assets applicable to common shareholders 100.00% | 313,518,810 |

- * Variable rate demand notes are payable on demand. The maturity dates shown are the next interest rate reset dates; the interest rates shown are the current rates as of December 31, 2004.
- # Interest rates shown reflect yield to maturity at purchase date for zero coupon bonds.
Entire or partial amount pledged as collateral for futures transactions.
Illiquid securities representing 0.85% of net assets applicable to common shareholders.
- (a) Security purchased on a when-issued basis. When issued refers to a transaction made conditionally because a security, although authorized, has not yet been issued.

NR Not Rated

AMBAC American Municipal Bond Assurance Corporation
 CR Custodial Receipts
 FGIC Financial Guaranty Insurance Company
 FHA Federal Housing Authority
 FSA Financial Security Assurance
 GTD Guaranteed
 IBC Insured Bond Certificate
 MBIA Municipal Bond Investors Assurance
 PSF Permanent School Fund

(1) Cost of investments shown approximates cost for federal income tax purposes. Gross unrealized appreciation of investments and gross unrealized depreciation of investments at December 31, 2004 were \$15,474,473 and \$697,548, respectively, resulting in net unrealized appreciation of investments of \$14,776,925.

(2) The Fund calculates net asset values based on the current market value, where available, for its portfolio securities. The Fund normally obtains market values for its securities from independent pricing sources and broker-dealers. Independent pricing sources may use last reported sale prices, current market quotations or valuations from computerized matrix systems that derive values based on comparable securities. A matrix system incorporates parameters such as security quality, maturity and coupon, and/or research and evaluations by its staff, including review of broker-dealer market price quotations, if available, in determining the valuation of the portfolio securities. If a market value is not available from an independent pricing source for a particular security, that security is valued at fair value as determined in good faith by or under the direction of the Fund's Board of Directors (the Board). The amortized cost method of valuation, which approximates market value, generally is used to value short-term debt instruments with sixty days or less remaining to maturity, unless the Board determines that this does not represent fair value. Securities traded in the over-the-counter (OTC) market are valued at the last bid price available on the valuation date prior to valuation.

| Number of Contracts | Contracts to Receive | In Exchange For (\$) | Expiration Dates | Unrealized Depreciation (\$) |
|--------------------------|------------------------------------|----------------------|------------------|------------------------------|
| Futures Contracts | | | | |
| 50 | U.S. Treasury Note 5 Year Futures | 5,473,088 | March 2005 | (3,475) |
| 440 | U.S. Treasury Note 10 Year Futures | 49,138,795 | March 2005 | (113,705) |
| | | | | (117,180) |

For more information regarding the Fund's other significant accounting policies, please refer to the Fund's semiannual report to shareholders dated September 30, 2004.

Item 2. Controls and Procedures.

(a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (Investment Company Act)), are effective based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this document.

(b) The registrant's principal executive officer and principal financial officer are aware of no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act) that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

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

SIGNATURES

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

Insured Municipal Income Fund Inc.

By: /s/ Joseph A. Varnas
Joseph A. Varnas
President

Date: February 28, 2005

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

By: /s/ Joseph A. Varnas
Joseph A. Varnas
President

Date: February 28, 2005

By: /s/ Thomas Disbrow
Thomas Disbrow
Treasurer

Date: February 28, 2005
