MUNIYIELD MICHIGAN INSURED FUND INC
Form N-30D
December 23, 2002

(BULL LOGO)
Merrill Lynch Investment Managers

Annual Report
October 31, 2002

MuniYield
Michigan
Insured
Fund, Inc.

www.mlim.ml.com

MuniYield Michigan Insured Fund, Inc. seeks to provide shareholders with as high a level of current income exempt from Federal and Michigan income taxes as is consistent with its investment policies and prudent investment management by investing primarily in a portfolio of long-term municipal obligations the interest on which, in the opinion of bond counsel to the issuer, is exempt from Federal and Michigan income taxes.

This report, including the financial information herein, is transmitted to the shareholders of MuniYield Michigan Insured Fund, Inc. for their information. It is not a prospectus. Past performance results shown in this report should not be considered a representation of future performance. The Fund has leveraged its Common Stock and intends to remain leveraged by issuing Preferred Stock to provide the Common Stock shareholders with a potentially higher rate of return. Leverage 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 may affect the yield to Common Stock shareholders. Statements and other information herein are as dated and are subject to change.

MuniYield Michigan Insured Fund, Inc.
Box 9011
Princeton, NJ
08543-9011

Printed on post-consumer recycled paper

MUNIYIELD MICHIGAN INSURED FUND, INC.

The Benefits
And Risks of

Leveraging

MuniYield Michigan Insured Fund, Inc. utilizes leveraging to seek to enhance the yield and net asset value of its Common Stock. However, these objectives cannot be achieved in all interest rate environments. To leverage, the 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 the 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.

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 the income based on long-term interest rates. Of course, increases in short-term interest rates would reduce (and even eliminate) the dividends on the Common Stock.

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 net asset value 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 net asset value, the market value of the fund's Common Stock may also decline.

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

Swap
Agreements

The Fund may also invest in swap agreements, which are over-the-counter contracts in which one party agrees to make periodic payments based on the change in market value of a specified bond, basket of bonds, or index in return for periodic payments based on a fixed or variable interest rate or the change in market value of a different bond, basket of bonds or index. Swap agreements may be used to obtain exposure to a bond or market without owning or taking physical custody of securities.

MuniYield Michigan Insured Fund, Inc., October 31, 2002

DEAR SHAREHOLDER

For the year ended October 31, 2002, the Common Stock of MuniYield Michigan Insured Fund, Inc. earned $.943 per share income dividends, which included earned and unpaid dividends of $.080. This represents a net annualized yield of 5.95%, based on a year-end net asset value of $15.74 per share. During the same period, the total investment return on the Fund's Common Stock was +6.33%, based on a change in per share net asset value from $15.81 to $15.74, and assuming reinvestment of $.937 per share income dividends.

For the six-month period ended October 31, 2002, the total investment return on the Fund's Common Stock was +5.47%, based on a change in per share net asset value from $15.42 to $15.74, and assuming reinvestment of $.477 per share income dividends.

For the six-month period ended October 31, 2002, the Fund's Auction Market Preferred Stock had an average yield of 1.33% for Series A, 1.41% for Series B and 1.18% for Series C.

The Municipal Market Environment
During the six-month period ended October 31, 2002, the direction of long-term fixed income interest rates was driven as much by volatile U.S. equity markets and continued worldwide political tensions as by economic fundamentals. After rising steadily early in 2002, bond yields reversed course to move sharply lower throughout most of the October period. Positive economic fundamentals repeatedly were overwhelmed by falling equity valuations and declines in investor confidence. U.S. gross domestic product (GDP) activity for the first quarter of 2002 measured at 5%, considerably above the level of economic growth seen at the end of 2001. During May and June, a number of economic indicators, such as housing activity, consumer spending and weekly unemployment claims, all pointed to at least a modest economic recovery by the end of 2002. However, steady dramatic declines in U.S. equity markets led the majority of investors to conclude that the Federal Reserve Board was unlikely to increase short-term interest rates for the remainder of the year. U.S. Treasury issue prices were also boosted by erupting Middle East and India/Pakistan conflicts that led many international investors to seek the safe-haven status of U.S. Treasury securities. By the end of June 2002, long-term U.S. Treasury bond yields had declined to 5.50%, a decline of almost 35 basis points (.35%) from their recent highs in mid-March.

In late July, second quarter U.S. GDP growth was initially estimated at 1.1%. While subject to revision, this estimate suggested that continued declines in U.S. equity prices were negatively affecting not only consumer but business confidence as well and undermining much of the economic growth witnessed earlier this year. Some analysts extrapolated that recent weakness would continue, if not accelerate. This brought about forecasts that the Federal Reserve Board would soon be obliged to lower short-term interest rates both to offset equity market declines and boost consumer and business spending. The possibility of lower short-term interest rates helped push longer-term bond yields lower still during July and August. The dramatic decline in U.S. equity prices in late August and September triggered a significant fixed income rally as investors again sought the safe-haven status of U.S. Treasury securities. By the end of September, U.S. Treasury bond yields fell to 4.66%.

Bolstered by an unexpected decline in the national unemployment rate to 5.6% in early October, U.S. equity markets staged a strong rally throughout much of the month. The Standard & Poor's 500 Index rose more than 8% for the month, triggered by stronger-than-expected earnings reports from a large number of companies, such as General Electric Company, International Business Machines Corporation and Microsoft Corporation. Bond prices continued to trade in an inverse relationship to equity prices. Consequently, as stocks rallied, bond yields rose in October, despite generally weak economic releases. During October, the U.S. housing sector remained quite robust, but retail sales and industrial production slowed. By October 31, 2002, long-term U.S. Treasury bond yields rose to almost 5%, a monthly increase of more than 30 basis points. During the past six months, the yield on 30-year U.S. Treasury bonds declined over 60 basis points.

For the six-month period ended October 31, 2002, municipal bond prices also generally increased. Similar to their taxable counterparts, municipal bond yields rose in early 2002, largely on the expectation of short-term interest rate increases by the Federal Reserve Board. By late March, long-term municipal revenue bond yields, as measured by the Bond Buyer Revenue Bond Index, rose to 5.67%, their highest level in more than a year. During recent months, tax-exempt bond yields have generally declined largely in response to the positive fixed income environment engendered by falling equity valuations. The municipal bond market's price advances in tax-exempt issues, however, have not been able to keep pace with U.S. Treasury issues as municipal bonds cannot offer foreign investors the safe-haven status U.S. Treasury issues enjoy in periods of economic and financial instability. The municipal bond market's recent price advances have also been supported by the continued improvement in the tax-exempt market's technical position. Despite sizeable advances in the rate of new municipal bond issuance, investor demand has increased, allowing tax-exempt bond prices to rise. By the end of October 2002, long-term municipal revenue bond yields stood at 5.20%, a decline of more than 30 basis points during the past six months.

Investor demand has remained very positive throughout the period. The Investment Company Institute reported that thus far in 2002, municipal bond fund net cash flows remained very strong at over $17.5 billion, up nearly 80% compared to the same period in 2001. Additionally, investors received from June to August 2002 approximately $75 billion from bond maturities, proceeds from early redemptions and coupon income. Given the current weakness in U.S.

equity markets, much of these monies were likely reinvested in tax-exempt products. Perhaps more importantly, short-term municipal rates have continued to move lower in response to Federal Reserve Board actions. In reaction to Federal Reserve Board interest rate reductions, short-term municipal rates have declined to the 1% - 1.50% range. As interest rates have declined, investors have extended maturities to take advantage of the steep municipal bond yield curve. The significant income sacrifice incurred by remaining in cash reserves has resulted in ongoing strong demand for municipal securities, especially in the 5-year - 15-year maturity range.

Recent performance by the tax-exempt market has been even more impressive considering the increase in new bond issuance seen thus far in 2002. Nationwide, municipalities have used present low interest rate levels both to refinance older debt and fund new capital projects. Over the past six months, more than $200 billion in new long-term municipal bonds was issued, an increase of nearly 40% compared to the same period in 2001. Nearly $100 billion in long-term tax-exempt securities was underwritten during the October quarter of 2002, an increase of over 40% compared to the October quarter of 2001 level.

In the coming months, interest rates are likely to remain volatile, with an expected upward bias. However, until equity market conditions stabilize, interest rates should remain near their current historically low levels. While recent stock market declines appear to have negatively affected economic growth in recent months, business activity is likely to accelerate going forward. While governmental stimulus in response to the September 11, 2001 attacks has been significant, the recent 50 basis point decrease in interest rates by the Federal Reserve Board should provide additional incentive to the sluggish U.S. economy. The ongoing U.S. military response to worldwide terrorism has reduced a once-sizeable Federal surplus to a material deficit. Further military action in early 2003 would likely result in higher Federal spending, deficits and increased Treasury financing. Increased Federal borrowings can be expected to put upward pressure on interest rates going forward.

Equity market declines helped push interest rates to lower levels than economic fundamentals alone would support. When U.S. equity markets stabilize and economic activity resumes, associated interest rate increases should not be extreme. Inflationary pressures have remained subdued, meaning that significant interest rate increases are unlikely. As equity valuations are likely to only gradually recover, U.S. economic recovery is also likely to be a moderate process. This suggests that the pace of any interest rate increases will be gradual. As the municipal bond market's strong technical position can be expected to remain supportive in the coming months, future tax-exempt rate increases should be more restrained than their taxable counterparts.

Specific to Michigan, the state maintains the highest possible credit ratings (Aaa/AAA) from Moody's and Standard & Poor's, respectively, and is rated AA+ by Fitch. Michigan ranks 33rd in debt per capita and 35th in debt as a percentage of personal income. These ratios are quite low for a populous state and indicate flexibility in responding to economic downturns relative to other states. Nevertheless, tax revenue collections are exhibiting a downward trend, in line with the national economy. Accordingly, the state has resorted to drawing down on its Budget Stabilization Fund as well as revenue enhancements, such as the sale of state property, and expenditure reductions, including delaying capital projects, in order to balance its current budget. Additional uncertainty surrounding the credit outlook for Michigan came from the gubernatorial election that took place on November 5, 2002 in which a new candidate was elected governor. Voters approved only one of three important referendums--the $1 billion in general obligation bonding authority for water and sewer projects--while the referendums for the right to collective bargaining for state employees and diversion of revenues from the tobacco Master Settlement Agreement to health care providers were defeated. Despite these results, we expect that Michigan will remain among the highest-rated states for credit because of its economic diversity, low debt levels and strong reserves. Any ratings downgrade is likely to have only a limited impact on the Fund's holdings as the Fund's insured structure greatly insulates it from any downward price reaction to a downgrade. It also should be noted that if a downgrade occurs, it is likely to be to Aa+/AA+. Such a minor ratings adjustment, especially given the current strong financial environment, is unlikely to result in a significant price adjustment to state-supported issues.

Portfolio Strategy

During the six months ended October 31, 2002, we maintained the Fund's neutral market position adopted earlier this year. While tax-exempt bond yields declined more than anticipated, the Fund's leveraged structure and fully invested position allowed it to completely participate in the significant market appreciation seen in recent months. The combination of the U.S. equity markets decline, corporate disclosure issues and the prospect of further military action have driven bond prices higher than economic fundamentals alone would have supported in the past. As current tax-exempt rates are at historically low levels, we will carefully continue to monitor business conditions. Should signs of a renewed, sustainable economic recovery appear, we will adopt a more defensive portfolio strategy in an effort to preserve recent gains in the Fund's net asset value. As we focused on further enchancing the Fund's current high level of coupon income, we purchased lower-rated investment-grade issues whenever they were attractively priced. Recently, many corporate-backed municipal bond issues have come under considerable pressure, creating a historically attractive investment opportunity. The addition of these higher-yielding issues should help the Fund continue to provide its current dividend going forward. However, we were able to maintain the Fund's historically high credit quality profile. At October 31, 2002, 83.1% of the Fund's holdings were insured and rated AAA by at least one of the major rating agencies.

Throughout the period, the Fund's borrowing costs remained in the 1% - 1.25% range. These attractive funding levels, in combination with a steep tax-exempt yield curve, generated a material income benefit to the Fund's Common Stock shareholders. Further declines in the Fund's borrowing costs would require significant easing of monetary policy by the Federal Reserve Board. We expect the Fund's short-term borrowing costs to remain near current levels for the remainder of this year and into 2003. However, should the spread between short-term and long-term interest rates narrow, the benefits of leverage will decline and, as a result, reduce the yield paid on the Fund's Common Stock. (For a more complete explanation of the risks and benefits of leveraging, see page 1 of this report to shareholders.)

In Conclusion

We appreciate your ongoing interest in MuniYield Michigan Insured Fund, Inc., and we look forward to assisting you with your financial needs in the months and years to come.

Sincerely,

(Terry K. Glenn)
Terry K. Glenn
President and Director

(Kenneth A. Jacob)
Kenneth A. Jacob
Senior Vice President

(John M. Loffredo)
John M. Loffredo
Senior Vice President

(Fred K. Stuebe)
Fred K. Stuebe
Vice President and Portfolio Manager

November 26, 2002

MuniYield Michigan Insured Fund, Inc., October 31, 2002

Portfolio
Abbreviations

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

AMT	Alternative Minimum Tax (subject to)
COP	Certificates of Participation
DRIVERS	Derivative Inverse Tax-Exempt Receipts
GO	General Obligation Bonds
HDA	Housing Development Authority
PCR	Pollution Control Revenue Bonds
RIB	Residual Interest Bonds
VRDN	Variable Rate Demand Notes

SCHEDULE OF INVESTMENTS

STATE	S&P Ratings+++	Moody's Ratings+++	Face Amount	Issue

Michigan --140.2%	AAA	Aaa	$ 1,000	Allegan, Michigan, Public School District, GO, 5.75% due 5/0
				Belding, Michigan, Area Schools, GO, Refunding (c):
	AAA	Aaa	785	6.05% due 5/01/2006 (e)
	AAA	Aaa	215	6.05% due 5/01/2021
	AAA	Aaa	1,000	Caledonia, Michigan, Community Schools, GO, Refunding, 6.625 5/01/2014 (a)
	AAA	Aaa	1,500	Carman-Ainsworth, Michigan, Community School, GO, 5.50% due
	AAA	Aaa	1,625	Central Michigan University Revenue Bonds, 5.50% due 4/01/20
	AAA	Aaa	1,000	Central Montcalm, Michigan, Public Schools, GO, 5.90% due 5/
	AAA	Aaa	1,250	Chelsea, Michigan, School District, GO, 5.875% due 5/01/2005
	AAA	Aaa	1,000	Coldwater, Michigan, Community Schools, GO, 6.30% due 5/01/2
	AAA	Aaa	1,000	Comstock Park, Michigan, Public Schools, GO, 5.75% due 5/01/
				Delta County, Michigan, Economic Development Corporation, En Improvement Revenue Refunding Bonds (Mead Westvaco--Escanaba
	BBB	Baa2	1,500	AMT, Series B, 6.45% due 4/15/2023
	BBB	Baa2	500	Series A, 6.25% due 4/15/2027
				Detroit, Michigan, City School District, GO, Series A:
	AAA	Aaa	1,500	6.50% due 5/01/2011 (a)
	AAA	Aaa	1,000	5.50% due 5/01/2018 (d)
	AAA	Aaa	2,300	(School Building and Site Improvement), 5.375% due 5/01/20
				Detroit, Michigan, GO (b):
	AAA	Aaa	1,400	5.50% due 4/01/2018
	AAA	Aaa	1,325	5.50% due 4/01/2020
	AAA	Aaa	2,705	Series B, 6% due 4/01/2015
	AAA	Aaa	1,000	Detroit, Michigan, Sewer Disposal Revenue Bonds, Series A, 5 due 1/01/2010 (c)(e)
	AAA	NR*	4,375	Detroit, Michigan, Water Supply System Revenue Bonds, DRIVER Series 200, 9.31% due 7/01/2028 (c)(g)
				Detroit, Michigan, Water Supply System Revenue Bonds, Senior Series A (c)(e):
	AAA	Aaa	4,875	5.75% due 1/01/2010
	AAA	Aaa	1,250	5.875% due 1/01/2010
	AAA	Aaa	1,415	Detroit, Michigan, Water Supply System, Revenue Refunding Bo 6.25% due 7/01/2012 (c)(e)(h)
	BBB	Baa2	3,900	Dickinson County, Michigan, Economic Development Corporation Environmental Improvement Revenue Refunding Bonds (Internati Paper Company Project), Series A, 5.75% due 6/01/2016

MuniYield Michigan Insured Fund, Inc., October 31, 2002

SCHEDULE OF INVESTMENTS

STATE	S&P Ratings+++	Moody's Ratings+++	Face Amount	Issue
Michigan (continued)	BBB	Baa2	$ 2,500	Dickinson County, Michigan, Economic Development Corporation Refunding (Champion International Corporation Project), 5. 10/01/2018
	AAA	Aaa	1,610	East Grand Rapids, Michigan, Public School District, GO, 5.7 due 5/01/2009 (d)(e)
				Eastern Michigan University Revenue Bonds, Series B (c):
	AAA	Aaa	1,500	5.60% due 6/01/2025
	AAA	Aaa	1,310	5.625% due 6/01/2030
				Eastern Michigan University, Revenue Refunding Bonds:
	AAA	Aaa	1,025	6% due 6/01/2020 (a)
	A1+	NR*	1,500	VRDN, 1.95% due 6/01/2027 (c)(i)
	AAA	Aaa	1,000	Frankenmuth, Michigan, School District, GO, 5.75% due 5/01/2
	AAA	Aaa	1,100	Grand Blanc, Michigan, Community Schools, GO, 5.625% due 5/0
	AAA	Aaa	12,500	Grand Ledge, Michigan, Public Schools District, GO, 6.60% du 5/01/2004 (b)(e)
	AAA	Aaa	2,090	Grand Rapids, Michigan, Building Authority, GO, 5.375% due 8
				Grand Rapids, Michigan, Building Authority Revenue Bonds, Se
	AAA	Aaa	1,100	5.50% due 10/01/2019 (a)
	AAA	Aaa	1,500	5.50% due 10/01/2020
	AAA	NR*	1,070	Grand Valley, Michigan, State University Revenue Bonds, 5.50 2/01/2018 (c)
	AAA	Aaa	2,570	Grandville, Michigan, Public Schools District, GO, Refunding due 5/01/2005 (c)(e)
	AAA	NR*	8,425	Greater Detroit, Michigan, Resource Recovery Authority Reven Bonds, DRIVERS, Series 167, 10.32% due 12/13/2008 (a)(g)
	AAA	Aaa	2,250	Greenville, Michigan, Public Schools, GO, 5.75% due 5/01/200
	AAA	Aaa	1,500	Greenville, Michigan, Public Schools, GO, Refunding, 5% due
				Hartland, Michigan, Consolidated School District, GO (c)(e):
	AAA	Aaa	3,250	6% due 5/01/2010
	AAA	Aaa	3,575	6% due 5/01/2010 (j)
	AAA	Aaa	2,500	6% due 5/01/2010
	AAA	Aaa	1,475	Haslett, Michigan, Public School District, Building and Site 5.625% due 5/01/2020
	AAA	Aaa	1,575	Jenison, Michigan, Public Schools, Building and Site, GO, 5. 5/01/2019 (c)
	AAA	Aaa	3,305	Jonesville, Michigan, Community Schools, GO, 5.75% due 5/01/
	NR*	Aaa	6,850	Kalamazoo, Michigan, Hospital Finance Authority, Hospital Fa Revenue Refunding Bonds (Bronson Methodist Hospital), 5.50% 5/15/2028 (b)
	AAA	Aaa	4,660	Kent, Michigan, Hospital Finance Authority, Health Care Reve Bonds (Butterworth Health Systems), Series A, 5.625% due 1/1

AAA	Aaa	4,000	Kent, Michigan, Hospital Finance Authority, Hospital Revenue Refunding Bonds (Butterworth Hospital), Series A, 7.25% due
			Kent, Michigan, Hospital Finance Authority Revenue Bonds (Sp Health), Series A:
AAA	NR*	3,000	5.50% due 1/15/2031 (b)
AA	Aa3	1,000	5.50% due 1/15/2031
AAA	Aaa	1,000	Leslie, Michigan, Public Schools, Ingham and Jackson Countie Refunding, 6% due 5/01/2005 (a)(e)
AAA	Aaa	5,235	Lincoln Park, Michigan, School District, GO, 7% due 5/01/200
AAA	Aaa	4,775	Livonia, Michigan, Public School District, GO (Building and 5.75% due 5/01/2022 (c)
AAA	Aaa	1,900	Lowell, Michigan, Area Schools, GO, Refunding, 4.91%** due 5
BBB	NR*	2,250	Michigan Higher Education Facilities Authority, Limited Obligation Revenue Refunding Bonds (Hope College), Series A, 5.90% due 4/01/2032
			Michigan Higher Education Facilities Authority, Revenue Refu Bonds (College for Creative Studies):
NR*	Baa2	1,235	5.85% due 12/01/2022
NR*	Baa2	1,145	5.90% due 12/01/2027
AAA	NR*	2,500	Michigan Higher Education Student Loan Authority, Student Lo Bonds, AMT, Series XVII-B, 5.40% due 6/01/2018 (a)
AAA	NR*	1,065	Michigan Municipal Bond Authority Revenue Bonds (Local Gover Loan Program), Group A, 5.50% due 11/01/2020 (a)
			Michigan Municipal Bond Authority, Revenue Refunding Bonds (Government Loan Program), Series A:
AAA	Aaa	1,035	6.50% due 5/01/2012 (a)
AAA	Aaa	1,870	6.50% due 11/01/2012 (b)
AAA	Aaa	1,000	6% due 12/01/2013 (c)
AAA	Aaa	7,000	6.125% due 12/01/2018 (c)
AA+	Aaa	7,000	Michigan State Building Authority Revenue Bonds, GO, RIB, Se 8.843% due 4/15/2009 (b)(g)
			Michigan State Building Authority, Revenue Refunding Bonds:
AAA	NR*	2,500	(Facilities Program), Series I, 5.50% due 10/15/2018 (b)
NR*	Aa1	11,140	RIB, Series 517X, 8.84% due 10/15/2010 (g)
			Michigan State, COP (a):
AAA	Aaa	3,000	5.40%** due 6/01/2022
AAA	Aaa	3,000	5.50% due 6/01/2027
AAA	Aaa	965	Michigan State Comprehensive Transportation Revenue Bonds, S 5.25% due 5/15/2012 (d)
AAA	Aaa	4,795	Michigan State, HDA, Rental Housing Revenue Bonds, AMT, Seri 5.30% due 10/01/2037 (b)
			Michigan State, HDA, Revenue Refunding Bonds (f):
AA+	NR*	365	AMT, Series B, 6.20% due 6/01/2027
AA+	NR*	2,690	Series C, 5.90% due 12/01/2015

			Michigan State Hospital Finance Authority, Hospital Revenue
A+	A2	2,200	(Crittenton Hospital), Series A, 5.625% due 3/01/2027
NR*	Baa3	2,000	(Sinai Hospital), 6.625% due 1/01/2016
A	A1	2,000	(Sparrow Obligation Group), 5.625% due 11/15/2031
BBB-	Baa3	2,000	Michigan State Hospital Finance Authority Revenue Bonds (Det Medical Center), Series A, 5.25% due 8/15/2023
			Michigan State Hospital Finance Authority, Revenue Refunding
AAA	Aaa	2,500	(Ascension Health Credit), Series A, 6.25% due 11/15/2014
AAA	Aaa	2,715	(Ascension Health Credit), Series A, 5.75% due 11/15/2017
AAA	Aaa	12,000	(Ascension Health Credit), Series A, 6.125% due 11/15/2023
AA	Aa2	1,500	(Ascension Health Credit), Series A, 6.125% due 11/15/2026
AAA	Aaa	4,805	(Mercy Health Services), Series T, 6.50% due 8/15/2013 (b)
AAA	Aaa	2,000	(Mercy Health Services), Series X, 6% due 8/15/2014 (b)
AAA	Aaa	2,200	(Mercy Health Services), Series X, 5.75% due 8/15/2019 (b)
AAA	Aaa	4,930	(Mercy Mount Clemens), Series A, 6% due 5/15/2014 (b)
AAA	Aaa	3,000	(Saint John Hospital), Series A, 6% due 5/15/2013 (a)(h)
AAA	Aaa	6,400	(Trinity Health), Series A, 6% due 12/01/2027 (a)
			Michigan State Strategic Fund, Limited Obligation Revenue Bo
BBB	Baa1	5,000	(Ford Motor Company Project), Series A, 6.55% due 10/01/20
BBB	Ba1	3,000	(WMX Technologies Inc. Project), 6% due 12/01/2013
BBB	Ba1	2,500	(Waste Management Inc. Project), 6.625% due 12/01/2012

MuniYield Michigan Insured Fund, Inc., October 31, 2002

SCHEDULE OF INVESTMENTS

STATE	S&P Ratings+++	Moody's Ratings+++	Face Amount	Issue
Michigan (concluded)				Michigan State Strategic Fund, Limited Obligation Revenue Re Bonds:
	AAA	Aaa	$ 7,250	(Detroit Edison Company), AMT, Series A, 5.55% due 9/01/20
	AAA	Aaa	6,000	(Detroit Edison Company Fund--Pollution), Series AA, 6.95% 5/01/2011 (c)
	NR*	Aaa	5,750	RIB, Series 382, 10.59% due 9/01/2025 (b)(g)
				Michigan State Strategic Fund, PCR, Refunding:
	NR*	VMIG1++	2,200	(Consumers Power Project), VRDN, 1.90% due 4/15/2018 (a)(i
	BBB	A3	2,500	(General Motors Corp.), 6.20% due 9/01/2020
	AAA	Aaa	15,000	Monroe County, Michigan, Economic Development Corp., Limited Obligation Revenue Refunding Bonds (Detroit Edison Co. Proje Series AA, 6.95% due 9/01/2022 (c)
				Monroe County, Michigan, PCR (Detroit Edison Company Project
	AAA	Aaa	9,000	Series CC, 6.55% due 6/01/2024
	AAA	Aaa	1,500	Series I-B, 6.55% due 9/01/2024
	AAA	Aaa	1,000	Montrose Township, Michigan, School District, GO, 6.20% due
				Morenci, Michigan, Area Schools, GO (b):
	AAA	Aaa	1,035	5.25% due 5/01/2017
	AAA	Aaa	1,255	5.25% due 5/01/2019
	NR*	Aaa	1,830	Muskegon Heights, Michigan, Water System Revenue Bonds, Seri 5.625% due 11/01/2025 (b)

A1+	VMIG1++	300	Northern Michigan University Revenue Bonds, VRDN, 1.95% due 6/01/2031 (c)(i)
			Northview, Michigan, Public School District, GO, Refunding (
AAA	NR*	2,265	5.80% due 5/01/2006 (e)
AAA	Aaa	235	5.80% due 5/01/2021
AAA	Aaa	1,100	Norway Vulcan, Michigan, Area Schools, GO, 5.90% due 5/01/20
AAA	Aaa	2,425	Oxford, Michigan, Area Community School District, GO, 5.50% 5/01/2018 (d)
AAA	Aaa	1,000	Plainwell, Michigan, Community Schools, School District, Bui and Site, GO, 5.50% due 5/01/2020 (d)
A	NR*	700	Pontiac, Michigan, Tax Increment Finance Authority, Tax Incr Revenue Refunding Bonds (Development Area 2), 5.625% due 6/0
AAA	Aaa	1,870	Redford, Michigan, Unified School District, GO, 5.90% due 5/
AAA	Aaa	1,000	Reeths-Puffer Schools, Michigan, GO, Refunding, 6% due 5/01/
AAA	Aaa	1,800	Rochester, Michigan, Community School District, GO, Series I 5.50% due 5/01/2015 (c)
AAA	Aaa	2,500	Saginaw, Michigan, Hospital Finance Authority, Revenue Refun Bonds (Covenant Medical Center), Series E, 5.625% due 7/01/2
NR*	Aaa	8,900	Saint Clair County, Michigan, Economic Revenue Refunding Bon (Detroit Edison Company), RIB, Series 282, 10.87% due 8/01/2
AAA	Aaa	2,000	South Lake, Michigan, Schools, GO, 5.125% due 5/01/2014 (c)
AAA	Aaa	1,300	Southfield, Michigan, Library Building Authority, GO, 5.50% 5/01/2018 (b)
AAA	Aaa	2,090	Southgate, Michigan, Community School District, GO, Refundin 4% due 5/01/2012 (b)
			Sturgis, Michigan, Public School District, GO (School Buildi and Site):
AAA	Aaa	1,900	5.50% due 5/01/2021
AAA	Aaa	2,545	5.625% due 5/01/2030
AAA	Aaa	1,000	Three Rivers, Michigan, Community Schools GO, 6% due 5/01/20
A1+	VMIG1++	600	University of Michigan, University Hospital Revenue Refundin Bonds, VRDN, Series A, 1.90% due 12/01/2019 (i)
AAA	Aaa	1,350	Warren, Michigan, Consolidated School District, GO, 5.375% d 5/01/2016 (d)
AAA	Aaa	1,500	Waterford, Michigan, School District, GO, 6.25% due 6/01/200
AAA	Aaa	1,100	Waverly, Michigan, Community School, GO, 5.50% due 5/01/2021
AAA	Aaa	10,660	Wayne Charter County, Michigan, Airport Revenue Bonds (Detro Metropolitan Wayne County), AMT, Series A, 5.375% due 12/01/
AAA	Aaa	2,400	Wayne County, Michigan, COP, 5.625% due 5/01/2011 (a)
			West Bloomfield, Michigan, School District, GO Refunding (c)

	AAA	Aaa	1,710	5.50% due 5/01/2017
	AAA	Aaa	1,225	5.50% due 5/01/2018
	AAA	Aaa	2,405	West Branch-Rose City, Michigan, Area School District, GO, 5 due 5/01/2024 (c)
	AAA	Aaa	2,485	West Ottawa, Michigan, Public School District, GO, Refunding Series B, 5.375% due 5/01/2017 (c)
	AAA	Aaa	1,300	Ypsilanti, Michigan, School District, GO, Refunding, 5.75% d 5/01/2007 (c)(e)
Puerto Rico--5.6%	A	A1	2,000	Children's Trust Fund, Puerto Rico, Tobacco Settlement Reven Bonds, 5.625% due 5/15/2043
	A	A1	2,300	Children's Trust Fund, Puerto Rico, Tobacco Settlement Reven Refunding Bonds, 5.50% due 5/15/2039
	AAA	Aaa	1,270	Puerto Rico Electric Power Authority, Power Revenue Bonds, T Receipts, Class R, Series 16 HH, 9.308% due 7/01/2013 (d)(g)
	A-	Baa1	2,500	Puerto Rico Public Buildings Authority, Government Facilitie Refunding Bonds, Series C, 5.75% due 7/01/2022
				Puerto Rico Public Finance Corporation, Commonwealth Appropr Revenue Bonds:
	AAA	Aaa	1,000	Series A, 5.375% due 8/01/2024 (b)
	BBB+	Baa3	2,900	Series E, 5.75% due 8/01/2030
	BBB+	Baa3	1,000	Puerto Rico Public Finance Corporation Revenue Bonds, Common Appropriation, Series E, 5.70% due 8/01/2025
	AAA	Aaa	2,150	University of Puerto Rico, University Revenue Refunding Bond Series O, 5.375% due 6/01/2030 (b)

Total Investments (Cost--$385,055)--145.8%

Variation Margin on Financial Futures Contracts***--(0.1%)

Other Assets Less Liabilities--3.3%

Preferred Stock, at Redemption Value--(49.0%)

Net Assets Applicable to Common Stock--100.0%

(a)AMBAC Insured.
(b)MBIA Insured.
(c)FGIC Insured.
(d)FSA Insured.
(e)Prerefunded.
(f)FHA Insured.
(g)The interest rate is subject to change periodically and inversely based upon prevailing market rates. The interest rate shown is the rate in effect at October 31, 2002.
(h)Escrowed to maturity.
(i)The interest rate is subject to change periodically based upon prevailing market rates. The interest rate shown is the rate in effect at October 31, 2002.

(j)All or a portion of security held as collateral in connection with open financial futures contracts.
*Not Rated.
**Represents a zero coupon bond; the interest rate shown is the effective yield at the time of purchase by the Fund.
***Financial futures contracts sold as of October 31, 2002 were as follows:

Number of Contracts	Issue	Expiration Date	Value (in Thousands)
300	U.S. Treasury Notes	December 2002	$ 34,416
Total Financial Futures Contracts Sold (Total Contract Price--$33,753)			$ 34,416

++Highest short-term rating by Moody's Investors Service, Inc.
+++Ratings of issues shown are unaudited.

See Notes to Financial Statements.

MuniYield Michigan Insured Fund, Inc., October 31, 2002

STATEMENT OF NET ASSETS

	As of October 31, 2002	
Assets:	Investments, at value (identified cost--$385,054,878)	
	Cash	
	Receivables:	
	Interest	$ 7,9
	Securities sold	5,2
	Prepaid expenses	
	Total assets	
Liabilities:	Payables:	
	Securities purchased	3,4
	Dividends to Common Stock shareholders	2
	Investment adviser	1
	Variation margin	1
	Accrued expenses and other liabilities	
	Total liabilities	
Preferred Stock:	Preferred Stock, par value $.05 per share (2,000 Series A shares, 2,000 Series B shares and 1,600 Series C shares of AMPS* issued and outstanding at $25,000 per share liquidation preference)	
Net Assets Applicable To Common Stock:	Net assets applicable to Common Stock	

Analysis of Net Assets Applicable to Common Stock:	Common Stock, par value $.10 per share (18,155,932 shares issued and outstanding)	
	Paid-in capital in excess of par	
	Undistributed investment income--net	$ 3,7
	Accumulated realized capital losses on investments--net	(18,89
	Unrealized appreciation on investments--net	30,7

	Total accumulated earnings--net	
	Total--Equivalent to $15.74 net asset value per share of Common Stock (market price--$13.95)	

*Auction Market Preferred Stock.

See Notes to Financial Statements.

STATEMENT OF OPERATIONS

For the Year Ended October 31, 2002

Investment Income:	Interest	
Expenses:	Investment advisory fees	$ 2,1
	Commission fees	3
	Accounting services	1
	Professional fees	
	Transfer agent fees	
	Directors' fees and expenses	
	Listing fees	
	Custodian fees	
	Printing and shareholder reports	
	Pricing fees	
	Other	

	Total expenses	
	Investment income--net	
Realized & Unrealized Loss on Investments--Net:	Realized loss on investments--net	
	Change in unrealized appreciation on investments--net	
	Total realized and unrealized loss on investments--net	
Dividends to Preferred Stock Shareholders:	Investment income--net	
	Net Increase in Net Assets Resulting from Operations	

See Notes to Financial Statements.

STATEMENTS OF CHANGES IN NET ASSETS

		Fo
Increase (Decrease) in Net Assets:		20
Operations:	Investment income--net	$ 20,0
	Realized gain (loss) on investments--net	(1,70
	Change in unrealized appreciation/depreciation on investments--net	(55
	Dividends to Preferred Stock shareholders	(1,96
	Net increase in net assets resulting from operations	15,8
Dividends to Common Stock Shareholders:	Investment income--net	(17,00
	Net decrease in net assets resulting from dividends to Common Stock shareholders	(17,00
Common Stock Transactions:	Offering costs resulting from the issuance of Common Stock	
	Net decrease in net assets derived from Common Stock transactions	
Net Assets Applicable To Common Stock:	Total increase (decrease) in net assets applicable to Common Stock	(1,18
	Beginning of year	286,9
	End of year*	$285,8
	*Undistributed investment income--net	$ 3,7

++Certain prior year amounts have been reclassified to conform to current year presentation.

See Notes to Financial Statements.

MuniYield Michigan Insured Fund, Inc., October 31, 2002

FINANCIAL HIGHLIGHTS

The following per share data and ratios have been derived from information provided in the financial statements.

		For the Year Ended		
Increase (Decrease) in Net Asset Value:		2002	2001	2000
Per Share Operating Performance:++++++	Net asset value, beginning of year	$ 15.81	$ 14.48	$ 13.91
	Investment income--net	1.10+++	1.08	.99
	Realized and unrealized gain (loss) on investments--net	(.12)	1.30	.67
	Dividends and distributions to Preferred Stock shareholders:			

	Investment income--net	(.11)	(.24)	(.30)
	In excess of realized gain on investments--net	--	--	--
	Total from investment operations	.87	2.14	1.36
	Less dividends and distributions to Common Stock shareholders:			
	Investment income--net	(.94)	(.81)	(.79)
	In excess of realized gain on investments--net	--	--	--
	Capital charge resulting from issuance of Common Stock	--	--++	--
	Total dividends and distributions to Common Stock shareholders	(.94)	(.81)	(.79)
	Net asset value, end of year	$ 15.74	$ 15.81	$ 14.48
	Market price per share, end of year	$ 13.95	$ 14.22	$11.9375
Total Investment Return:*	Based on market price per share	4.77%	26.44%	4.62%
	Based on net asset value per share	6.33%	15.89%	11.19%
Ratios Based on Average Net Assets of Common Stock:	Total expenses, excluding reorganization expenses**	1.04%	1.05%	1.10%
	Total expenses**	1.04%	1.05%	1.33%
	Total investment income--net**	7.10%	7.10%	7.49%
	Amount of dividends to Preferred Stock shareholders	.70%	1.59%	2.18%
	Investment income--net, to Common Stock shareholders	6.40%	5.51%	5.31%
Ratios Based on Average Net Assets Of Common & Preferred Stock:**	Total expenses, excluding reorganization expenses	.70%	.70%	.72%
	Total expenses	.70%	.70%	.86%
	Total investment income--net	4.75%	4.71%	4.87%
Ratios Based on Average Net Assets Of Preferred Stock:	Dividends to Preferred Stock shareholders	1.40%	3.14%	4.06%
Supplemental Data:	Net assets applicable to Common Stock, end of year (in thousands)	$ 285,802	$ 286,982	$262,864
	Preferred Stock outstanding, end of year (in thousands)	$ 140,000	$ 140,000	$140,000
	Portfolio turnover	32.68%	68.17%	51.41%

Leverage:	Asset coverage per $1,000	$ 3,041	$ 3,050	$ 2,878
Dividends Per Share On Preferred Stock Outstanding:++++	Series A--Investment income--net	$ 354	$ 792	$ 1,023
	Series B--Investment income--net	$ 362	$ 783	$ 653
	Series C--Investment income--net	$ 333	$ 782	$ 678

*Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.
**Do not reflect the effect of dividends to Preferred Stock shareholders.
++Amount is less than $.01 per share.
++++The Fund's Preferred Stock was issued on November 19, 1992 (Series A) and March 6, 2000 (Series B and Series C).
++++++Certain prior year amounts have been reclassified to conform to current year presentation.
+++Based on average shares outstanding.

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies:
MuniYield Michigan Insured Fund, Inc. (the "Fund") is registered under the Investment Company Act of 1940 as a non-diversified, closed-end management investment company. The Fund's 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. The Fund determines and makes available for publication the net asset value of its Common Stock on a weekly basis. The Fund's Common Stock is listed on the New York Stock Exchange under the symbol MIY. The following is a summary of significant accounting policies followed by the Fund.

(a) Valuation of investments--Municipal bonds are traded primarily in the over-the-counter markets and are valued at the most recent bid price or yield equivalent as obtained by the Fund's pricing service from dealers that make markets in such securities. Financial futures contracts and options thereon, which are traded on exchanges, are valued at their closing prices as of the close of such exchanges. Options written or purchased are valued at the last sale price in the case of exchange-traded options. In the case of options traded in the over-counter-market, valuation is the last asked price (options written) or the last bid price (options purchased). Securities with remaining maturities of sixty days or less are valued at amortized cost, which approximates market value. Securities and assets for which market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of the Board of Directors of the Fund, including valuations furnished by a pricing service retained by the Fund, which may utilize a matrix system for valuations. The procedures of the pricing service and its valuations are reviewed by the officers of the Fund under the general supervision of the Board of Directors.

(b) Derivative financial instruments--The Fund may engage in various portfolio investment strategies to increase or decrease the level of risk to which the Fund is exposed more quickly and efficiently than transactions in other types of instruments. Losses may arise due to changes in the value of the contract or if the counterparty does not perform under the contract.

* Financial futures contracts--The Fund may purchase or sell financial futures contracts and options on such futures contracts for the purpose of hedging the market risk on existing securities or the intended purchase of securities. Futures contracts are contracts for delayed delivery of securities at a specific future date and at a specific price or yield. Upon entering into a contract, the Fund deposits and maintains as collateral such initial margin as required by the exchange on which the transaction is effected. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as variation margin and are recorded by the Fund as unrealized gains or losses. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

MuniYield Michigan Insured Fund, Inc., October 31, 2002

NOTES TO FINANCIAL STATEMENTS (concluded)

* Options--The Fund is authorized to write covered call options and purchase put options. When the Fund writes an option, an amount equal to the premium received by the Fund is reflected as an asset and an equivalent liability. The amount of the liability is subsequently marked to market to reflect the current market value of the option written.

When a security is purchased or sold through an exercise of an option, the related premium paid (or received) is added to (or deducted from) the basis of the security acquired, or deducted from (or added to) the proceeds of the security sold. When an option expires (or the Fund enters into a closing transaction), the Fund realizes a gain or loss on the option to the extent of the premiums received or paid (or gain or loss to the extent the cost of the closing transaction exceeds the premium paid or received).

Written and purchased options are non-income producing investments.

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

(d) Security transactions and investment income--Security transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on security transactions are determined on the identified cost basis. Interest income is recognized on the accrual basis. As required, effective November 1, 2001, the Fund has adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies and began amortizing all premiums and discounts on debt securities. The cumulative effect of this accounting change had no impact on total net assets of the Fund, but resulted in a $76,757 increase in cost of securities (which, in turn, resulted in a corresponding $76,757 decrease in net unrealized appreciation and a corresponding $76,757 increase in undistributed net investment income), based on securities held by the Fund as of October 31, 2001.

The effect of this change for the year ended October 31, 2002 was to increase net investment income by $47,799, decrease net unrealized depreciation by $115,654 and increase net realized capital losses by $8,902. The statement of changes in net assets and financial highlights for prior periods have not been restated to reflect this change in presentation.

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

(f) Change in financial statement classification for Auction Market Preferred Stock ("AMPS")--In accordance with the provisions of the Financial Accounting Standards Board's Emerging Issues Task Force D-98 ("EITF D-98"), "Classification and Measurement of Redeemable Securities," effective for the current period, the Fund has reclassified its AMPS outside of permanent equity in the Net Assets section of the Statement of Net Assets. In addition, dividends to Preferred Stock shareholders are now classified as a component of the "Net Increase in Net Assets Resulting from Operations" on the Statements of Operations and Changes in Net Assets and as a component of the "Total from investment operations" in the Financial Highlights. Prior year amounts presented have been reclassified to conform to this period's presentation. The application of EITF D-98 related entirely to presentation and had no impact on net asset value or the allocation of net investment income or net realized capital gains or losses to Common Stock shareholders.

(g) Reclassification--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. Accordingly, the current year's permanent book/tax differences of $3,062,807 have been reclassified between paid-in capital in excess of par and accumulated net realized capital losses and $52,026 has been reclassified between accumulated net realized capital losses and undistributed net investment income. These reclassifications have no effect on net assets or net asset value per share.

2. Investment Advisory Agreement and
Transactions with Affiliates:

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

FAM is responsible for the management of the Fund's portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of the Fund. For such services, the Fund pays a monthly fee at an annual rate of .50% of the Fund's average weekly net assets, including proceeds from the issuance of Preferred Stock.

For the year ended October 31, 2002, the Fund reimbursed FAM $15,287 for certain accounting services.

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

3. Investments:
Purchases and sales of investments, excluding short-term securities, for the year ended October 31, 2002 were $134,704,413 and $139,319,924, respectively.

Net realized gains (losses) for the year ended October 31, 2002 and net unrealized gains (losses) as of October 31, 2002 were as follows:

	Realized Gains (Losses)	Unrealized Gains (Losses)
Long-term investments	$ 2,819,763	$ 31,438,220
Financial futures contracts	(4,528,305)	(662,812)
Total	$(1,708,542)	$ 30,775,408

As of October 31, 2002, net unrealized appreciation for Federal income tax purposes aggregated $31,553,875, of which $31,697,125 related to appreciated securities and $143,250 related to depreciated securities. The aggregate cost of investments at October 31, 2002 for Federal income tax purposes was $384,939,223.

4. Stock Transactions:
The Fund is authorized to issue 200,000,000 shares of stock, including Preferred Stock, par value $.10 per share, all of which were initially classified as Common Stock. The Board of Directors is authorized, however, to reclassify any unissued shares of stock without approval of holders of Common Stock.

Common Stock
Shares issued and outstanding during the years ended October 31, 2002 and October 31, 2001 remained constant.

Preferred Stock
AMPS are redeemable shares of Preferred Stock of the Fund, with a par value of $.05 per share and a liquidation preference of $25,000 per share plus accrued and unpaid dividends, that entitle their holders to receive cash dividends at an annual rate that may vary for the successive dividend periods. The yields in effect at October 31, 2002 were as follows: Series A, 1.65%, Series B, 1.65% and Series C, 1.65%.

Shares issued and outstanding during the years ended October 31, 2002 and October 31, 2001 remained constant.

The Fund pays commissions to certain broker-dealers at the end of each auction at an annual rate ranging from .25% to .375%, calculated on the proceeds of each auction. For the year ended October 31, 2002, Merrill Lynch, Pierce, Fenner & Smith Incorporated, an affiliate of FAM, earned $210,914 as commissions.

5. Distributions to Shareholders:
On November 7, 2002, a tax-exempt income dividend of $.079500 was declared. The dividend was paid on November 27, 2002, to shareholders of record on November 14, 2002.

The tax character of distributions paid during the fiscal years ended October 31, 2002 and October 31, 2001 was as follows:

	10/31/2002	10/31/2001
Distributions paid from:		
Tax-exempt income	$ 18,972,649	$ 19,127,758
Total distributions	$ 18,972,649	$ 19,127,758

As of October 31, 2002, the components of accumulated earnings on a tax basis were as follows:

Undistributed tax-exempt income--net	$ 3,593,523
Undistributed long-term capital gains--net	--
Total undistributed earnings--net	3,593,523
Capital loss carryforward	(14,795,324)*
Unrealized gains--net	26,796,027**
Total accumulated earnings--net	$ 15,594,226

*On October 31, 2002, the Fund had a net capital loss carryforward of $14,795,324, of which $746,473 expires in 2003; $1,458,638 expires in 2006; $3,974,932 expires in 2007; $7,490,629 expires in 2008 and $1,124,652 expires in 2010. This amount will be available to offset like amounts of any future taxable gains.
**The difference between book-basis and tax-basis net unrealized gains is attributable primarily to the tax deferral of losses on straddles, the realization for tax purposes of unrealized gains (losses) on certain futures contracts and the difference between book and tax amortization methods for premiums and discounts on fixed income securities.

MuniYield Michigan Insured Fund, Inc., October 31, 2002

REPORT OF INDEPENDENT AUDITORS

To the Shareholders and Board of Directors,
MuniYield Michigan Insured Fund, Inc.

We have audited the accompanying statement of net assets of MuniYield Michigan Insured Fund, Inc., including the schedule of investments, as of October 31, 2002, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and financial highlights for each of the years indicated therein. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. Our procedures included confirmation of securities owned as of October 31, 2002 by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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 MuniYield Michigan Insured Fund, Inc. at October 31, 2002, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the years indicated, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 1F to the financial statements, in 2002 the Fund changed its method of classifying Preferred Stock.

Ernst & Young LLP
MetroPark, New Jersey
December 9, 2002

IMPORTANT TAX INFORMATION (unaudited)

All of the net investment income distributions paid by MuniYield Michigan Insured Fund, Inc. during its taxable year ended October 31, 2002 qualify as tax-exempt interest dividends for Federal income tax purposes.

Please retain this information for your records.

QUALITY PROFILE (unaudited)

The quality ratings of securities in the Fund as of October 31, 2002 were as follows:

S&P Rating/Moody's Rating	Percent of Total Investments
AAA/Aaa	83.1%
AA/Aa	4.8
A/A	3.4
BBB/Baa	7.6
Other++	1.1

++Temporary investments in short-term municipal securities.

MANAGED DIVIDEND POLICY

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

MuniYield Michigan Insured Fund, Inc., October 31, 2002

OFFICERS AND DIRECTORS

Name	Address & Age	Position(s) Held with Fund	Length of Time Served	Principal Occupation(s) During Past 5 Years
Interested Director				
Terry K. Glenn*	P.O. Box 9011 Princeton, NJ 08543-9011 Age: 62	President and Director	1999 to present and 1992 to present	Chairman, Americas Region since 2001, and Executive Vice President since 1983 of Fund Ass Management, L.P. ("FAM") and Merrill Lynch Investment Managers, L.P. ("MLIM"); President o Merrill Lynch Mutual Funds since 1999; Presiden of FAM Distributors, Inc. ("FAMD") since 1986 and Director thereof since 1991; Executive Vice President and Director of Princeton Services, I ("Princeton Services") since 1993; President of Princeton Administrators, L.P. since 1988; Dire of Financial Data Services, Inc. since 1985.

*Mr. Glenn is a director, trustee or member of an advisory board of certain other investment companies for which FAM or MLIM acts as investment adviser. Mr. Glenn is an "interested person," as described in the Investment Company Act, of the Fund based on his positions as Chairman (Americas Region) and Executive Vice President of FAM and MLIM; President of FAMD; Executive Vice President of Princeton Services; and President of Princeton Administrators, L.P. The Director's term is unlimited. Directors serve until their resignation, removal or death, or until December 31 of the year in which they turn 72. As Fund President, Mr. Glenn serves at the pleasure of the Board of Directors.

Name	Address & Age	Position(s) Held with Fund	Length of Time Served*	Principal Occupation(s) During Past 5 Years
Independent Directors				
Donald W. Burton	P.O. Box 9011 Princeton, NJ 08543-9011 Age: 58	Director	2002 to present	General Partner of The Burton Partnership, Limited Partnership since 1979; Managing General Partner of The South Atlantic Venture Funds since 1983; Member of the Investment Advisory Committee of the Florida State Board of Administration since 2001.
M. Colyer Crum	P.O. Box 9011 Princeton, NJ 08543-9011 Age: 70	Director	1992 to present	James R. Williston Professor of Investment Management Emeritus, Harvard Business School since 1996.
Laurie Simon Hodrick	P.O. Box 9011 Princeton, NJ 08543-9011 Age: 40	Director	1999 to present	Professor of Finance and Economics, Graduate School of Business, Columbia University since 1998; Associate Professor of Finance and Economics, Graduate School of Business, Columbia University from 1996 to 1998.
J. Thomas Touchton	P.O. Box 9011 Princeton, NJ 08543-9011 Age: 63	Director	1992 to present	Managing Partner of the Witt Touchton Company since 1972.
Fred G. Weiss	P.O. Box 9011 Princeton, NJ 08543-9011 Age: 61	Director	1998 to present	Managing Director of FGW Associates since 1997; Vice President, Planning, Investment and Development of Warner Lambert Co. from 1979 to 1997.

*The Director's term is unlimited. Directors serve until their resignation, removal or death, or until December 31 of the year in which they turn 72.

Name	Address & Age	Position(s) Held with Fund	Length of Time Served*	Principal Occupation(s) During Past 5 Years
Fund Officers				
Donald C. Burke	P.O. Box 9011 Princeton, NJ 08543-9011 Age: 42	Vice President and Treasurer	1993 to present and 1999 to present	First Vice President of FAM and MLIM since 1997 since 1999; Senior Vice President and Treasurer 1999; Vice President of FAMD since 1999; Vice P from 1990 to 1997; Director of Taxation of MLIM
Kenneth A. Jacob	P.O. Box 9011 Princeton, NJ 08543-9011 Age: 51	Senior Vice President	2002 to present	Managing Director of FAM and MLIM since 1997.

John M. Loffredo	P.O. Box 9011 Princeton, NJ 08543-9011 Age: 38	Senior Vice President	2002 to present	Managing Director of FAM and MLIM since 2000; a from 1997 to 2000.
Fred K. Stuebe	P.O. Box 9011 Princeton, NJ 08543-9011 Age: 49	Vice President	1995 to present	Vice President of MLIM since 1989.
Brian D. Stewart	P.O. Box 9011 Princeton, NJ 08543-9011 Age: 33	Secretary	2002 to present	Vice President (Legal Advisory) of MLIM since 2 Smith from 2001 to 2002 and Saul Ewing from 199

*Officers of the Fund serve at the pleasure of the Board of Directors.

Transfer Agent

Common Stock:
The Bank of New York
101 Barclay Street
New York, NY 10286

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

Preferred Stock:
The Bank of New York
100 Church Street
New York, NY 10286

NYSE Symbol
MIY