

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

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FILER

INTERCAPITAL INSURED MUNICIPAL BOND TRUST

CIK: **861185** | State of Incorporation: **MA** | Fiscal Year End: **1031**
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Mailing Address	Business Address
<i>TWO WORLD TRADE CENTER NEW YORK NY 10048</i>	<i>TWO WORLD TRADE CTR NEW YORK NY 10048 2123922550</i>

INTERCAPITAL INSURED MUNICIPAL BOND TRUST
Two World Trade Center
New York, New York 10048

DEAR SHAREHOLDER:

Strong economic growth in the fourth quarter of 1993 and a shift in Federal Reserve Board monetary policy in February of 1994 caused the fixed-income markets to reverse direction and led to the sharpest increase in interest rates in more than six years. At the beginning of the year, market concerns about inflation developed as the economy approached full employment and commodity prices moved upward. The Federal Reserve Board responded by tightening monetary policy. Since early February, the central bank has raised the federal-funds rate -- the interest rate banks charge each other for overnight loans -- 250 basis points from 3.00 percent to 5.50 percent in six separate moves through November. Between May and November, the discount rate -- the interest rate the Federal Reserve charges member banks for loans -- increased 175 basis points to 4.75 percent.

During InterCapital Insured Municipal Bond Trust's (NYSE symbol: IMB) fiscal year ended October 31, 1994, long-term municipal bond yields, as measured by The Bond Buyer Revenue Bond Index,* rose 139 basis points from 5.56 percent to 6.95 percent. In February and March yields jumped 89 basis points from 5.50 percent to 6.39 percent in response to the Federal Reserve Board's initial tightening and subsequent municipal bond selling pressure. A semblance of stability returned to the market between June and August. After Labor Day, however, continued economic growth, aggressive tax-loss selling, heavy mutual-fund redemptions and excessive dealer inventory led to further municipal market deterioration. The total yield increase of 139 basis points during the fiscal year was equivalent to a 17 percent price decline for a 30-year municipal bond. One-third of this price decline occurred in September and October.

The municipal market was also influenced by supply and demand conditions. New-issue underwriting totaled a record \$290 billion in 1993. The pace of new-issue activity over the first 10 months of 1994, however, slowed 44 percent. The estimated issuance for 1994 is \$160 billion. By way of comparison, bond maturities and calls for redemption are expected to reach \$190 billion this year resulting in a reduction in the amount of municipal debt outstanding. This scarcity would normally be expected to improve the relative performance of municipal bonds under stable-to-improving interest rate conditions.

PERFORMANCE

The Trust's net asset value (NAV) declined from \$16.75 to \$14.16 per share during the fiscal year ended October 31, 1994. Based on this change and reinvestment of tax-free dividends totaling \$1.21 per share, the Trust's total return for the fiscal year was -8.83 percent. Concurrently, the Trust's market price on the New York Stock Exchange declined from \$17.875 to \$12.875 per share. Based on this market change and reinvestment of dividends, the Trust's total return for the fiscal year was -22.37 percent. The Trust began the fiscal year trading at a 6.7 percent premium to NAV and closed at a 9.1 percent discount to NAV.

* The Bond Buyer Revenue Bond Index is an arithmetic average of the yields of 25 selected municipal revenue bonds with 30-year maturities. Credit ratings of these bonds range from Aa1 to Baal by Moody's and AA+ to A- by Standard & Poor's.

PORTFOLIO STRUCTURE

As of October 31, 1994, the portfolio's long-term investments were diversified among 9 municipal sectors and 39 credits. The three largest sectors were housing, hospital, and transportation revenue bonds, representing 54 percent of net assets. The average maturity and call protection of the Trust's long-term holdings was 23 years and 7 years, respectively. Bonds subject to the alternative minimum tax (AMT) represented approximately 29 percent of net assets. At the end of the period, the Trust had net assets in excess of \$109

million.

Each position in the portfolio was backed either by bond insurers that are rated Aaa by Moody's Investors Service, Inc. and/or AAA by Standard & Poor's Corp. or by U.S. government-guaranteed securities. This is to ensure the timely payment of principal and interest. Additionally, holdings representing 12 percent of the portfolio had been prerefunded and were further secured by escrows of U.S. government securities. As of October 31, 1994, the distribution of long-term credit enhancements was:

<TABLE>

<CAPTION>

Credit Enhancements	Percent
<S>	<C>
AMBAC Indemnity Corporation (AMBAC).....	10%
Financial Guaranty Insurance Company (FGIC).....	25
Financial Security Assurance Inc. (FSA).....	18
Municipal Bond Investors Assurance Corporation (MBIA).....	36
U.S. Treasury Escrow or GNMA-Backed Obligations.....	11

</TABLE>

THE IMPACT OF LEVERAGING

As reported previously, the Trust's common shares are leveraged. Leverage was created through the issuance of auction rate preferred shares (ARPS). The ARPS's auction periods normally range between one week and one year. Proceeds from ARPS underwritings were used to purchase additional long-term municipal bonds. Following the payment of ARPS dividends, the common shares earn incremental income when the portfolio yield is higher than the costs of the ARPS (yield plus operating and remarketing expenses). Although rising short-term interest rates have narrowed the yield spread this year, ARPS continue to provide positive incremental income to common shareholders.

The leveraged capital structure of closed-end municipal bond funds additionally impacts NAV. ARPS normally account for one-third of a fund's underwritten capital structure. This produces a volatility factor for common shares of 1.5 times the price change of bonds held in the portfolio. The common stock's NAV per share reflects the full price change of the portfolio's investments since the value of the preferred shares does not fluctuate.

As the bond market has eroded, the degree of leverage and volatility has increased. The purchase and retirement of ARPS counteracts this trend. During the fiscal year, IMB purchased and retired \$5 million in par amount of ARPS, so that \$35 million in ARPS remain outstanding. Additional ARPS purchases may occur if the degree of leverage increases or ARPS profitability (spread) declines significantly.

DIVIDEND RESERVES

At the end of the fiscal year, IMB had undistributed net investment income of \$0.074 per share available for future distributions. This dividend reserve or "cushion" helped sustain the Trust's current

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monthly dividend. Higher yields in future ARPS auctions and ARPS retirements may further erode the cushion. Declines in the dividend reserve may cause the Trust to adjust the common share dividend.

LOOKING AHEAD

The overall direction of interest rates will primarily be determined by the strength of the economy, the trend of inflation and the Federal Reserve Board's responses. These conditions may continue to move interest rates higher through mid-1995. Investor demand for municipal securities should be sustained by significant bond maturities, calls for redemption and diminished new-issue supply. Changing market conditions and the profitability of ARPS are among the factors that will determine the Trust's future level of income and influence the direction of the common stock market price.

The Trust's procedure for reinvestment of all dividends and distributions on common shares is by purchase in the open market. This method helps to support the market value of the Trust's shares. In addition, the Trustees have approved a procedure whereby the Trust, when appropriate, purchases shares in the open market or in privately negotiated transactions at a price not above market value

or net asset value, whichever is lower at the time of purchase. The Trust may also utilize procedures to reduce or eliminate the amount of outstanding ARPS, including their purchase in the open market or in privately negotiated transactions.

We appreciate your ongoing support of InterCapital Insured Municipal Bond Trust and look forward to continuing to serve your investment needs.

Very truly yours,

Charles A. Fiumefreddo
Chairman of the Board

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INTERCAPITAL INSURED MUNICIPAL BOND TRUST
PORTFOLIO OF INVESTMENTS October 31, 1994

Principal Amount (in thousands)		Coupon Rate	Maturity Date	Value
<C>	<S>	<C>	<C>	<C>
	MUNICIPAL BONDS (92.8%)			
	GENERAL OBLIGATION (5.4%)			
\$ 5,000	Cook County, Illinois, Ser 1992 A (MBIA Insured).....	6.60 %	11/15/22	\$ 4,829,750
1,000	North Las Vegas, Nevada, Ser 3/1/91 (FGIC Insured) (Prerefunded).....	7.125	4/ 1/11	1,088,320
-----				-----
6,000				5,918,070
-----				-----
	EDUCATIONAL FACILITIES REVENUE (6.3%)			
6,000	Massachusetts Health & Educational Facilities Authority, Boston University Ser K & L (MBIA Insured).....	6.66	10/ 1/31	5,894,340
1,000	Pennsylvania Higher Educational Facilities Authority, Duquesne University Refg Ser A of 1991 (MBIA Insured).....	6.75	4/ 1/20	1,000,000
-----				-----
7,000				6,894,340
-----				-----
	ELECTRIC REVENUE (5.1%)			
1,000	Grand Haven, Michigan, Refg 1993 Ser (MBIA Insured)....	5.25	7/ 1/16	827,400
3,000	Piedmont Municipal Power Agency, South Carolina, 1991 Refg Ser (FGIC Insured).....	6.50	1/ 1/11	2,975,910
2,000	Snohomish County Public Utility District #1, Washington, 1993 Ser (FGIC Insured).....	6.00	1/ 1/18	1,793,020
-----				-----
6,000				5,596,330
-----				-----
	HOSPITAL REVENUE (12.4%)			
2,000	Connecticut Health & Educational Facilities Authority, Yale - New Haven Hospital Ser F (MBIA Insured).....	7.10	7/ 1/25	2,053,100
3,000	Jacksonville Health Facilities Authority, Florida, New Children's Hospital at Baptist Medical Center Ser 1991 (MBIA Insured).....	7.00	6/ 1/21	3,095,310
3,000	Illinois Health Facilities Authority, Memorial Medical Center Ser 1989 (MBIA Insured).....	6.75	10/ 1/11	3,006,210
1,000	St Cloud, Minnesota, The Saint Cloud Hospital Ser 1990 B (AMBAC Insured) (Prerefunded).....	7.00	7/ 1/20	1,090,820
1,000	Nebraska Investment Finance Authority, Methodist Health System Inc Ser 1991 (MBIA Insured).....	7.00	3/ 1/06	1,065,460
3,000	Bucks County Industrial Development Authority, Pennsylvania, Grand View Hospital Ser of 1991 (AMBAC Insured) (Prerefunded).....	7.00	7/ 1/11	3,270,420
-----				-----
13,000				13,581,320
-----				-----
	INDUSTRIAL DEVELOPMENT/POLLUTION CONTROL REVENUE (10.0%)			
2,500	Jasper County, Indiana, Northern Indiana Public Service Co Collateralized Ser 1991 (MBIA Insured).....	7.10	7/ 1/17	2,540,000
1,000	Rockport, Indiana, Indiana & Michigan Power Co Ser B			

	(Secondary FGIC Insured).....	7.60	3/ 1/16	1,063,890
1,000	Burlington, Kansas, Kansas Gas & Electric Co Ser 1991 (MBIA Insured).....	7.00	6/ 1/31	1,012,570

</TABLE>

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INTERCAPITAL INSURED MUNICIPAL BOND TRUST
PORTFOLIO OF INVESTMENTS (continued)

<TABLE> <CAPTION> Principal Amount (in thousands)		Coupon Rate	Maturity Date	Value
<C>	<S>	<C>	<C>	<C>
\$ 3,000	New Hampshire Industrial Development Authority, Canal Electric Co (AMT) (FGIC Insured).....	7.375%	12/ 1/20	\$ 3,100,050
3,000	New York State Environmental Facilities Corporation, Jamaica Water Supply Co Ser 1989 (AMT) (Secondary AMBAC Insured).....	7.625	4/ 1/29	3,186,090
-----				-----
10,500				10,902,600
-----				-----
	MORTGAGE REVENUE - SINGLE FAMILY (30.6%)			
1,815	District of Columbia Housing Finance Agency, GNMA Collateralized Ser 1988 E (AMT).....	7.70	12/ 1/22	1,836,453
315	Hawaii Housing Finance & Development Corporation, Ser 1989 A (AMT) (Bifurcated FSA Insured).....	7.70	7/ 1/29	318,043
1,305	Sedgwick & Shawnee County, Kansas, GNMA Collateralized 1990 Ser B (AMT) (AMBAC Insured).....	7.80	6/ 1/22	1,321,913
5,000	Maine Housing Authority, Ser 1991 A (Bifurcated FSA Insured).....	7.40	11/15/22	5,059,500
5,000	Massachusetts Housing Finance Agency, Ser 14 (Bifurcated FSA Insured).....	7.60	12/ 1/14	5,075,000
1,580	Michigan Housing Development Authority, Ser 1990 D (AMT) (Bifurcated FSA Insured).....	7.65	12/ 1/19	1,628,711
2,350	Minnesota Housing Finance Agency, Ser 1990 A (AMT) (Bifurcated FSA Insured).....	7.85	7/ 1/22	2,385,250
1,885	Missouri Housing Development Commission, GNMA-Backed 1991 Ser A (AMT).....	7.375	8/ 1/23	1,907,281
7,100	Nebraska Investment Finance Authority, GNMA-Backed 1990 Ser 1 & 2 (AMT).....	7.631	9/ 1/30	7,314,491
620	New Jersey Housing & Mortgage Finance Agency, Home Buyer Ser E (MBIA Insured).....	7.65	10/ 1/16	623,956
1,910	Tennessee Housing Development Agency, Homeownership Issue S (AMT) (Secondary MBIA Insured).....	7.625	7/ 1/22	1,952,211
3,935	Wisconsin Housing & Economic Development Authority, Homeownership 1991 Ser A (Bifurcated FSA Insured)....	7.50	9/ 1/17	4,044,668
-----				-----
32,815				33,467,477
-----				-----
	RESOURCE RECOVERY REVENUE (2.1%)			
2,200	Connecticut Resource Recovery Authority, Mid-Connecticut 1985 Ser B (MBIA Insured).....	7.875	11/15/12	2,349,138
-----				-----
	TRANSPORTATION FACILITIES REVENUE (10.6%)			
3,000	Hawaii, Airports Second Ser 1990 (AMT) (FGIC Insured)..	7.50	7/ 1/20	3,118,080
2,000	Wayne County, Michigan, Detroit Metropolitan Wayne County Airport Sub Lien Ser 1991 B (AMT) (MBIA Insured).....	6.75	12/ 1/21	1,969,280

</TABLE>

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INTERCAPITAL INSURED MUNICIPAL BOND TRUST
PORTFOLIO OF INVESTMENTS (continued)

<TABLE>
<CAPTION>
Principal
Amount

(in thousands)		Coupon Rate	Maturity Date	Value
<C>	<S>	<C>	<C>	<C>
\$ 5,000	New Hampshire, Turnpike 1991 Refg Ser B & C (FGIC Insured).....	6.805%	11/ 1/17	\$ 4,974,050
1,500	Port of Portland, Oregon, Portland International Airport Ser Seven B (AMT) (MBIA Insured).....	7.10	7/ 1/21	1,517,430
-----				-----
11,500				11,578,840
-----				-----
2,000	WATER & SEWER REVENUE (10.3%) Castaic Lake Water Agency, California, Ser 1990 COPs (MBIA Insured) (Prerefunded).....	7.125	8/ 1/16	2,192,780
5,000	Eastern Municipal Water District, California, Water & Sewer Ser 1991 COPs (FGIC Insured) (Prerefunded)....	6.50	7/ 1/20	5,330,850
2,250	Broward County, Florida, Utility Ser 1991 (FGIC Insured).....	6.00	10/ 1/20	2,091,150
2,000	Norfolk, Virginia, Water Ser 1993 (AMBAC Insured).....	5.375	11/15/23	1,617,600
-----				-----
11,250				11,232,380
-----				-----
100,265	TOTAL MUNICIPAL BONDS (IDENTIFIED COST \$99,901,415).....			101,520,495
-----				-----
4,000	SHORT-TERM MUNICIPAL OBLIGATION (3.7%) Harris County Health Facilities Development Corporation, Texas, Methodist Hospital Ser 1994 (Tender 11/1/94) (Identified Cost \$4,000,000).....	3.40*	12/ 1/25	4,000,000
-----				-----
\$ 104,265	TOTAL INVESTMENTS (IDENTIFIED COST \$103,901,415) (a).....		96.5%	105,520,495
=====	CASH AND OTHER ASSETS IN EXCESS OF LIABILITIES.....		3.5	3,856,859
	NET ASSETS.....		100.0%	\$ 109,377,354
			=====	=====

</TABLE>

AMT Alternative Minimum Tax.

COPs Certificates of Participation.

* Variable or floating rate security. Coupon rate shown reflects current rate.

(a) The aggregate cost for federal income tax purposes is \$103,901,415; the aggregate gross unrealized appreciation is \$2,711,053 and the aggregate gross unrealized depreciation is \$1,091,973, resulting in net unrealized appreciation of \$1,619,080.

See Notes to Financial Statements

GEOGRAPHIC SUMMARY OF INVESTMENTS

Based on Market Value as a Percent of Net Assets
October 31, 1994

<S>	<C>
California.....	6.9%
Connecticut.....	4.1
District of Columbia.....	1.7
Florida.....	4.7
Hawaii.....	3.1
Illinois.....	7.2
Indiana.....	3.3
Kansas.....	2.1
Maine.....	4.6
Massachusetts.....	10.0
Michigan.....	4.0
Minnesota.....	3.2
Missouri.....	1.7
Nebraska.....	7.7
Nevada.....	1.0

New Hampshire.....	7.4
New Jersey.....	0.6
New York.....	2.9
Oregon.....	1.4
Pennsylvania.....	3.9
South Carolina.....	2.7
Tennessee.....	1.8
Texas.....	3.7
Virginia.....	1.5
Washington.....	1.6
Wisconsin.....	3.7

Total..... 96.5%
=====

</TABLE>

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INTERCAPITAL INSURED MUNICIPAL BOND TRUST
FINANCIAL STATEMENTS

<TABLE>
<CAPTION>
STATEMENT OF ASSETS AND LIABILITIES
October 31, 1994

<S>	<C>
ASSETS:	
Investments in securities, at value	
(identified cost \$103,901,415) (Note 1)...	\$ 105,520,495
Cash.....	207,152
Receivable for:	
Interest.....	2,022,739
Investments sold.....	1,748,080
Deferred organizational expenses (Note 1)...	10,735
Prepaid expenses.....	18,247

TOTAL ASSETS.....	109,527,448

LIABILITIES:	
Payable for:	
Common shares of beneficial interest	
purchased.....	38,466
Investment management fee (Note 2).....	34,364
Accrued expenses (Note 3).....	77,264

TOTAL LIABILITIES.....	150,094

NET ASSETS:	
Preferred shares of beneficial interest,	
(1,000,000 shares authorized of non-	
participating \$.01 par value, 700 shares	
outstanding) (Note 4).....	35,000,000

Common shares of beneficial interest	
(unlimited shares authorized of \$.01 par	
value, 5,251,113 shares outstanding) (Note	
5).....	72,515,371
Net unrealized appreciation on	
investments.....	1,619,080
Accumulated undistributed net investment	
income.....	389,522
Accumulated net realized loss on	
investments.....	(146,619)

NET ASSETS APPLICABLE TO COMMON	
SHAREHOLDERS.....	74,377,354

TOTAL NET ASSETS.....	\$ 109,377,354
	=====
NET ASSET VALUE PER COMMON SHARE,	
(\$74,377,354 divided by 5,251,113 common	
shares outstanding).....	\$14.16

=====

<CAPTION>
STATEMENT OF OPERATIONS
For the year ended October 31, 1994

<hr/>		
<S>	<C>	
INVESTMENT INCOME:		
INTEREST INCOME.....	\$ 7,858,670	

EXPENSES		
Investment management fee (Note 2).....	424,351	
Auction commission fees.....	146,937	
Professional fees.....	103,916	
Shareholder reports and notices.....	33,543	
Transfer agent fees and expenses (Note 3).....	33,004	
Trustees' fees and expenses (Note 3)....	29,789	
Auction agent fees.....	19,115	
Registration fees.....	15,502	
Organizational expenses (Note 1).....	8,048	
Other.....	16,071	

TOTAL EXPENSES.....	830,276	

NET INVESTMENT INCOME.....	7,028,394	

NET REALIZED AND UNREALIZED LOSS ON INVESTMENTS (Note 1):		
Net realized loss on investments.....	(67,514)	
Net change in unrealized appreciation on investments.....	(12,965,757)	

NET LOSS ON INVESTMENTS.....	(13,033,271)	

NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS.....	\$ (6,004,877)	
	=====	

</TABLE>

See Notes to Financial Statements

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INTERCAPITAL INSURED MUNICIPAL BOND TRUST
FINANCIAL STATEMENTS (continued)

STATEMENT OF CHANGES IN NET ASSETS

<TABLE>
<CAPTION>

	For the year ended October 31, 1994	For the year ended October 31, 1993
	-----	-----
<S>	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS:		
Operations:		
Net investment income.....	\$ 7,028,394	\$ 7,389,718
Net realized loss on investments.....	(67,514)	(79,012)
Net change in unrealized appreciation on investments.....	(12,965,757)	10,799,649
	-----	-----
Net increase (decrease) in net assets resulting from operations.....	(6,004,877)	18,110,355
	-----	-----
Dividends to preferred shareholders from net investment income.....	(1,207,800)	(1,244,752)
Dividends and distributions to common shareholders from:		
Net investment income.....	(6,360,938)	(6,623,786)
Net realized gain on investments.....	--	(209,233)
	-----	-----
Total dividends and distributions.....	(7,568,738)	(8,077,771)
	-----	-----
Decrease from transactions in shares of beneficial interest (Notes 4 & 5):		
Common.....	(79,556)	--

Preferred.....	(5,000,000)	--
Total transactions.....	(5,079,556)	--
Total increase (decrease).....	(18,653,171)	10,032,584
NET ASSETS:		
Beginning of period.....	128,030,525	117,997,941
END OF PERIOD (including undistributed net investment income of \$389,522 and \$929,866, respectively).....	\$ 109,377,354	\$ 128,030,525

</TABLE>

See Notes to Financial Statements

INTERCAPITAL INSURED MUNICIPAL BOND TRUST
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND ACCOUNTING POLICIES -- InterCapital Insured Municipal Bond Trust (the "Trust") is registered under the Investment Company Act of 1940, as amended, as a diversified, closed-end management investment company. The Trust was organized as a Massachusetts business trust on February 27, 1990 and commenced operations on February 28, 1991.

The following is a summary of significant accounting policies:

A. Valuation of Investments -- Portfolio securities are valued for the Trust by an outside independent pricing service approved by the Trustees. The pricing service has informed the Trust that in valuing the Trust's portfolio securities, it uses both a computerized matrix of tax-exempt securities and evaluations by its staff, in each case based on information concerning market transactions and quotations from dealers which reflect the bid side of the market each day. The Trust's portfolio securities are thus valued by reference to a combination of transactions and quotations for the same or other securities believed to be comparable in quality, coupon, maturity, type of issue, call provisions, trading characteristics and other features deemed to be relevant. Short-term debt securities having a maturity date of more than sixty days at time of purchase are valued on a mark-to-market basis until sixty days prior to maturity and thereafter at amortized cost based on their value on the 61st day. Short-term debt securities having a maturity date of sixty days or less at the time of purchase are valued at amortized cost.

B. Accounting for Investments -- Security transactions are accounted for on the trade date (date the order to buy or sell is executed). Realized gains and losses on security transactions are determined on the identified cost method. The Trust amortizes premiums and discounts on securities purchased over the life of the respective securities. Interest income is accrued daily.

C. Federal Income Tax Status -- It is the Trust's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable and nontaxable income to its shareholders. Accordingly, no federal income tax provision is required.

D. Dividends and Distributions to Shareholders -- The Trust records dividends and distributions to its shareholders on the ex-dividend date. The amount of dividends and distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations which may differ from generally accepted accounting principles. These "book/tax" differences are either considered temporary or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal tax-basis treatment; temporary differences do not require reclassification. Dividends and distributions which exceed net investment income and net realized capital gains for financial reporting purposes but not for tax purposes are reported as dividends in excess of net investment income or distributions in excess of net realized capital gains. To the extent they exceed net investment income and net realized capital gains for tax purposes, they are reported as distributions of paid-in-capital.

E. Organizational Expenses -- Dean Witter InterCapital Inc. (the

"Investment Manager") paid the organizational expenses of the Trust's common shares in the amount of \$40,281 which have been reimbursed for the full amount thereof. Such expenses have been deferred and are being amortized by the Trust on the straight-line method over a period not to exceed five years from the commencement of operations.

INTERCAPITAL INSURED MUNICIPAL BOND TRUST
NOTES TO FINANCIAL STATEMENTS (continued)

2. INVESTMENT MANAGEMENT AGREEMENT -- Pursuant to an Investment Management Agreement, the Trust pays its Investment Manager a management fee, calculated weekly and payable monthly, by applying the annual rate of 0.35% to the Trust's average weekly net assets.

Under the terms of the Agreement, in addition to managing the Trust's Investments, the Investment Manager maintains certain of the Trust's books and records and furnishes, at its own expense, office space, facilities, equipment, clerical, bookkeeping and certain legal services and pays the salaries of all personnel, including officers of the Trust who are employees of the Investment Manager. The Investment Manager also bears the cost of telephone services, heat, light, power and other utilities provided to the Trust.

3. SECURITY TRANSACTIONS AND TRANSACTIONS WITH AFFILIATES -- The cost of purchases and proceeds from sales of portfolio securities, excluding short-term investments, for the year ended October 31, 1994 aggregated \$13,838,125 and \$22,245,455, respectively.

Dean Witter Trust Company, an affiliate of the Investment Manager, is the Trust's transfer agent. At October 31, 1994, the Trust had transfer agent fees and expenses payable of approximately \$2,800.

On January 1, 1994, the Trust adopted an unfunded noncontributory defined benefit pension plan covering all independent Trustees of the Trust who will have served as an independent Trustee for at least five years at the time of retirement. Benefits under this plan are based on years of service and compensation during the last five years of service. Aggregate pension costs for the year ended October 31, 1994, included in Trustees' fees and expenses in the Statement of Operations amounted to \$9,946. At October 31, 1994, the Trust had an accrued pension liability of \$9,738 which is included in accrued expenses in the Statement of Assets and Liabilities.

4. PREFERRED SHARES OF BENEFICIAL INTEREST -- The Trust is authorized to issue up to 1,000,000 non-participating preferred shares of beneficial interest having a par value of \$.01 per share, in one or more series, with rights as determined by the Trustees, without approval of the common shareholders. On April 11, 1991, the Trust issued 800 shares of Auction Rate Preferred Shares ("Preferred Shares") for gross total proceeds of \$40,000,000. The preferred shares have a liquidation value of \$50,000 per share plus the redemption premium, if any, plus accumulated but unpaid dividends (whether or not declared) thereon to the date of distribution. The Trust may redeem such shares, in whole or in part, at the original purchase price of \$50,000 per share plus accumulated but unpaid dividends (whether or not declared) thereon to the date of redemption. During the year ended October 31, 1994, the Trust purchased and retired 100 shares in the amount of \$5,000,000.

Dividends, which are cumulative, are reset through auction procedures.

<TABLE>
<CAPTION>

Shares*	Rate*	Reset Date	Range of Dividend Rates**
<S>	<C>	<C>	<C>
700	3.35%	11/2/94	3.02% - 3.35%

</TABLE>

* As of October 31, 1994.
** For the year ended October 31, 1994.

Subsequent to October 31, 1994 and up through December 12, 1994, the Trust

paid dividends to the Series at rates ranging from 3.349% to 3.749%, in the aggregate amount of \$128,372.

INTERCAPITAL INSURED MUNICIPAL BOND TRUST
 NOTES TO FINANCIAL STATEMENTS (continued)

The Trust is subject to certain restrictions relating to the preferred shares. Failure to comply with these restrictions could preclude the Trust from declaring any distributions to common shareholders or purchasing common shares and/or could trigger the mandatory redemption of preferred shares at liquidation value.

The preferred shares, which are entitled to one vote per share, generally vote with the common shares but vote separately as a class to elect two Trustees and on any matters affecting the rights of the preferred shares.

5. COMMON SHARES OF BENEFICIAL INTEREST -- Transactions in common shares of beneficial interest were as follows:

<TABLE>
 <CAPTION>

	Shares	Par Value	Capital Paid in Excess of Par Value
<S>	<C>	<C>	<C>
Balance October 31, 1992 and October 31, 1993.....	5,257,113	\$ 52,571	\$ 72,542,356
Treasury shares purchased and retired (weighted average discount 7.34%)*.....	(6,000)	(60)	(79,496)
Balance October 31, 1994.....	5,251,113	\$ 52,511	\$ 72,462,860

</TABLE>

* The Trustees have voted to retire the shares purchased.

6. FEDERAL INCOME TAX STATUS -- At October 31, 1994, the Trust had net capital loss carryovers of approximately \$147,000 of which \$79,000 will be available through October 31, 2001 and \$68,000 will be available through October 31, 2002 to offset future capital gains, to the extent provided by regulations.

7. DIVIDENDS TO COMMON SHAREHOLDERS -- The Trust has declared the following dividends from net investment income --

<TABLE>
 <CAPTION>

Declaration Date	Amount per Share	Record Date	Payable Date
<S>	<C>	<C>	<C>
November 1, 1994	\$ 0.0925	November 11, 1994	November 25, 1994
November 29, 1994	\$ 0.0925	December 9, 1994	December 23, 1994

</TABLE>

INTERCAPITAL INSURED MUNICIPAL BOND TRUST
 NOTES TO FINANCIAL STATEMENTS (continued)

8. SELECTED QUARTERLY FINANCIAL DATA -- (unaudited)

<TABLE>
 <CAPTION>

	Quarters Ended*							
	10/31/94		7/31/94		4/30/94		1/31/94	
	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>

Total investment income.....	\$ 1,952	\$ 0.37	\$ 1,909	\$ 0.36	\$ 1,951	\$ 0.37	\$ 2,047	\$ 0.39
Net investment income.....	1,742	0.33	1,706	0.33	1,748	0.33	1,832	0.35
Net realized and unrealized gain (loss) on investments...	(4,332)	(0.83)	368	0.06	(9,010)	(1.71)	(59)	(0.01)

<CAPTION>

	Quarters Ended*							
	10/31/93		7/31/93		4/30/93		1/31/93	
	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Total investment income.....	\$2,073	\$0.39	\$2,050	\$0.39	\$2,075	\$0.39	\$2,037	\$0.39
Net investment income.....	1,857	0.36	1,840	0.35	1,855	0.35	1,838	0.35
Net realized and unrealized gain on investments.....	2,997	0.57	1,972	0.38	2,181	0.41	3,571	0.68

</TABLE>

- - - - -

* Totals expressed in thousands of dollars.

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INTERCAPITAL INSURED MUNICIPAL BOND TRUST
FINANCIAL HIGHLIGHTS

- - - - -

Selected ratios and per share data for a common share of beneficial interest outstanding throughout each period:

<TABLE>
<CAPTION>

	For the year ended October 31,			For the period February 28, 1991* through October 31, 1991
	1994	1993	1992	
	<C>	<C>	<C>	
<S>	<C>	<C>	<C>	<C>
PER SHARE OPERATING PERFORMANCE:				
Net asset value, beginning of period.....	\$ 16.75	\$ 14.84	\$ 14.66	\$ 14.06
Net investment income.....	1.34	1.41	1.45	0.86
Net realized and unrealized gain (loss) on investments.....	(2.49)	2.04	0.09	0.70
Total from investment operations.....	(1.15)	3.45	1.54	1.56
Less dividends, distributions and other charges:				
Dividends from net investment income.....	(1.21)	(1.26)	(1.08)	(0.52)
Common share equivalent of dividends paid to preferred shareholders.....	(0.23)	(0.24)	(0.26)	(0.19)
Distributions from net realized gain on investments.....	--	(0.04)	(0.02)	--
Offering costs charged against capital.....	--	--	--	(0.25)
Total dividends, distributions and other charges.....	(1.44)	(1.54)	(1.36)	(0.96)
Net asset value, end of period...	\$ 14.16	\$ 16.75	\$ 14.84	\$ 14.66
Market value, end of period.....	\$ 12.875	\$ 17.875	\$ 16.375	\$ 15.50
TOTAL INVESTMENT RETURN+.....	(22.37)%	17.74%	13.05%	6.89%(1)
RATIOS/SUPPLEMENTAL DATA:				
Net assets, end of period				

(in thousands).....	\$ 109,377	\$ 128,031	\$ 117,998	\$ 117,071
Ratios to average net assets of common shareholders:				
Total expenses.....	1.03%	1.01%	0.99%	1.00%(2)
Net investment income before preferred stock dividends...	8.68%	8.86%	9.61%	9.16%(2)
Preferred stock dividends.....	1.49%	1.49%	1.70%	1.97%(2)
Net investment income available to common shareholders.....	7.19%	7.37%	7.91%	7.19%(2)
Asset coverage on preferred shares at end of period.....	312%	319%	295%	293%
Portfolio turnover rate.....	12%	6%	7%	16%(1)

* Commencement of operations.

+ Total investment return is based upon the current market value on the last day of each period reported. Dividends and distributions are assumed to be reinvested at the prices obtained under the Trust's dividend reinvestment plan. Total investment return does not reflect sales charges or brokerage commissions.

(1) Not annualized.

(2) Annualized.

See Notes to Financial Statements

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INTERCAPITAL INSURED MUNICIPAL BOND TRUST
REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and Trustees of InterCapital Insured Municipal Bond Trust

In our opinion, the accompanying statement of assets and liabilities, including the portfolio of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of InterCapital Insured Municipal Bond Trust (the "Trust") at October 31, 1994, 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 three years in the period then ended and for the period February 28, 1991 (commencement of operations) through October 31, 1991, in conformity with generally accepted accounting principles. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Trust's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at October 31, 1994, by correspondence with the custodian, provide a reasonable basis for the opinion expressed above.

PRICE WATERHOUSE LLP
New York, New York
December 12, 1994

1994 FEDERAL TAX NOTICE (unaudited)

During the year ended October 31, 1994, the Trust paid the following per share amounts from tax-exempt income: \$1.21 to common shareholders and \$1,510 to preferred shareholders.

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TRUSTEES

Jack F. Bennett
Michael Bozic
Charles A. Fiumefreddo
Edwin J. Garn
John R. Haire
Dr. Manuel H. Johnson
Paul Kolton
Michael E. Nugent
Philip J. Purcell
John L. Schroeder

OFFICERS

Charles A. Fiumefreddo
Chairman and Chief Executive Officer

Sheldon Curtis
Vice President, Secretary and General Counsel

James F. Willison
Vice President

Thomas F. Caloia
Treasurer

TRANSFER AGENT

Dean Witter Trust Company
Harborside Financial Center - Plaza Two
Jersey City, New Jersey 07311

INDEPENDENT ACCOUNTANTS

Price Waterhouse LLP
1177 Avenue of the Americas
New York, New York 10036

INVESTMENT MANAGER

Dean Witter InterCapital Inc.
Two World Trade Center
New York, New York 10048

INTERCAPITAL

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BOND TRUST

Annual Report
October 31, 1994