FORM 497

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Business Address
800 SCUDDERS MILL RD
PLAINSBORO NJ 08536
6092822800

MUNIYIELD CALIFORNIA INSURED FUND II, INC.
MUNIVEST CALIFORNIA INSURED FUND, INC.
P.O. BOX 9011
PRINCETON, NEW JERSEY 08543-9011

NOTICE OF ANNUAL MEETINGS OF STOCKHOLDERS

TO BE HELD ON SEPTEMBER 30, 1996

TO THE STOCKHOLDERS OF
MUNIYIELD CALIFORNIA INSURED FUND II, INC.
MUNIVEST CALIFORNIA INSURED FUND, INC.:

NOTICE IS HEREBY GIVEN that annual meetings of stockholders (the "Meetings") of MuniYield California Insured Fund II, Inc. ("MuniYield California Insured II") and MuniVest California Insured Fund, Inc. ("MuniVest California Insured") will be held at the offices of Merrill Lynch Asset Management, L.P., 800 Scudders Mill Road, Plainsboro, New Jersey on Monday, September 30, 1996 at 11:30 A.M., New York time (for MuniYield California Insured II) and 11:15 A.M., New York time (for MuniVest California Insured) for the following purposes:

(1) To approve or disapprove an Agreement and Plan of Reorganization (the "Agreement and Plan of Reorganization") contemplating the acquisition of all of the assets of MuniVest California Insured by MuniYield California Insured II, and the assumption of all of the liabilities of MuniVest California Insured by MuniYield California Insured II, in exchange solely for an equal aggregate value of shares of Common Stock of MuniYield California Insured II ("MuniYield California Insured II Common Stock") and shares of a newly-created series of Auction Market Preferred Stock ("AMPS") of MuniYield California Insured II to be designated Series C ("MuniYield California Insured II Series C AMPS") and the distribution of such MuniYield California Insured II Common Stock to the holders of Common Stock of MuniVest California Insured and such MuniYield California Insured II Series C AMPS to the holders of AMPS of MuniVest California Insured. A vote in favor of this proposal also will constitute a vote in favor of the liquidation and dissolution of MuniVest California Insured and the termination of its registration under the Investment Company Act of 1940;

(2) To elect a Board of Directors of MuniYield California Insured II and MuniVest California Insured to serve for the ensuing year;

(3) To consider and act upon a proposal to ratify the selection of Deloitte & Touche LLP to serve as independent auditors of MuniYield California Insured II and MuniVest California Insured, for the respective Fund's current fiscal year ending October 31, 1996; and

(4) To transact such other business as properly may come before the Meetings or any adjournment thereof.

The Boards of Directors of MuniYield California Insured II and MuniVest California Insured have fixed the close of business on August 16, 1996 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Meetings or any adjournment thereof.

A complete list of the stockholders of MuniYield California Insured II and MuniVest California Insured, as the case may be, entitled to vote at the Meetings will be available and open to the examination of any stockholder of MuniYield California Insured II or MuniVest California Insured, respectively, for any purpose germane to the Meetings during ordinary business hours from and after September 16, 1996, at the offices of MuniYield California Insured II, 800 Scudders Mill Road, Plainsboro, New Jersey.

You are cordially invited to attend the Meetings. Stockholders who do not expect to attend the Meetings in person are requested to complete, date and sign the enclosed form of proxy and return it promptly in the envelope provided for that purpose. The enclosed proxy is being solicited on behalf of the Board of Directors of MuniYield California Insured II or MuniVest California Insured, as applicable.

By Order of the Boards of Directors
MARK B. GOLDFUS
Secretary of each Fund

Plainsboro, New Jersey
Dated: August 21, 1996

PROXY STATEMENT AND PROSPECTUS
MUNIYIELD CALIFORNIA INSURED FUND II, INC.
MUNIVEST CALIFORNIA INSURED FUND, INC.

P.O. BOX 9011
PRINCETON, NEW JERSEY 08543-9011
(609)282-2800

ANNUAL MEETINGS OF STOCKHOLDERS

SEPTEMBER 30, 1996

This Joint Proxy Statement and Prospectus (this "Proxy Statement and Prospectus") is furnished in connection with the solicitation of proxies on behalf of the Boards of Directors of MuniYield California Insured Fund II, Inc., a Maryland corporation ("MuniYield California Insured II"), and MuniVest California Insured Fund, Inc., a Maryland corporation ("MuniVest California Insured"), for use at Annual Meetings of Stockholders (the "Meetings") called to approve or disapprove the proposed reorganization whereby (i) MuniYield California Insured II will acquire all of the assets, and will assume all of the liabilities, of MuniVest California Insured, in exchange solely for an equal aggregate value of newly-issued shares of Common Stock, par value $.10 per share, of MuniYield California Insured II ("MuniYield California Insured II Common Stock") and shares of a newly-created series of Auction Market Preferred Stock ("AMPS") of MuniYield California Insured II, with a liquidation preference of $25,000 per share plus an amount equal to accumulated but unpaid dividends thereon (whether or not earned or declared) to be designated Series C ("MuniYield California Insured II Series C AMPS") to be issued by MuniYield California Insured II; and (ii) MuniVest California Insured will be deregistered and dissolved (collectively, the "Reorganization"). MuniYield California Insured II and MuniVest California Insured sometimes are referred to herein collectively as the "Funds" and individually as a "Fund", each as applicable and each as the context requires. This Proxy Statement and Prospectus also is being furnished in connection with the election of a Board of Directors of each Fund and the ratification of the selection of independent auditors for each Fund.

(continued on next page)

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROXY STATEMENT AND PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Proxy Statement and Prospectus sets forth concisely the information about MuniYield California Insured II and MuniVest California Insured that stockholders of MuniYield California Insured II and MuniVest California Insured should know before considering the Reorganization and should be retained for future reference. MuniYield California Insured II and MuniVest California Insured have authorized the solicitation of proxies in connection with the Reorganization solely on the basis of this Proxy Statement and Prospectus and the accompanying documents.

MuniYield California Insured II Common Stock and MuniVest California Insured Common Stock are listed on the New York Stock Exchange (the "NYSE") under the symbols "MCA" and "MVC", respectively. Subsequent to the Reorganization, shares of MuniYield California Insured II Common Stock will continue to be listed on the NYSE under the symbol "MCA". Reports, proxy materials and other information concerning either Fund may be inspected at the offices of the NYSE, 11 Wall Street, New York, New York 10005.

The address of the principal executive offices of both MuniYield California Insured II and MuniVest California Insured is 800 Scudders Mill Road, Plainsboro, New Jersey 08536, and the telephone number is (609) 282-2800.

THE DATE OF THIS PROXY STATEMENT AND PROSPECTUS IS AUGUST 21, 1996.

This Proxy Statement and Prospectus serves as a prospectus of MuniYield California Insured II under the Securities Act of 1933, as amended (the "Securities Act"), in connection with the issuance of MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS in the Reorganization.

The aggregate net asset value of the MuniYield California Insured II Common Stock to be issued to MuniVest California Insured and thereafter distributed to the holders of shares of Common Stock, par value $.10 per share, of MuniVest California Insured ("MuniVest California Insured Common Stock") will equal the aggregate net asset value of the shares of MuniVest California Insured Common

Stock on the date of the Reorganization. Similarly, it is intended that the aggregate liquidation preference and value of the MuniYield California Insured II Series C AMPS to be issued to MuniVest California Insured and thereafter distributed to the holders of shares of AMPS of MuniVest California Insured, with a liquidation preference of $25,000 per share plus an amount equal to accumulated but unpaid dividends thereon (whether or not earned or declared) ("MuniVest California Insured AMPS"), will equal the aggregate liquidation preference and value of the MuniVest California Insured AMPS on the date of the Reorganization. As soon as practicable after the receipt by MuniYield California Insured II of all of MuniVest California Insured's assets and the assumption by MuniYield California Insured II of all of MuniVest California Insured's liabilities, MuniVest California Insured will distribute MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS to MuniVest California Insured's stockholders as described under "The Reorganization". Thereafter, MuniVest California Insured will terminate its registration under the Investment Company Act of 1940, as amended (the "Investment Company Act"), and will liquidate and dissolve in accordance with the laws of the State of Maryland.

Both MuniYield California Insured II and MuniVest California Insured are non-diversified, leveraged, closed-end management investment companies with virtually identical investment objectives. Both MuniYield California Insured II and MuniVest California Insured seek to provide stockholders with as high a level of current income exempt from Federal and California income taxes as is consistent with their respective investment policies and prudent investment management. MuniYield California Insured II and MuniVest California Insured seek to achieve their respective investment objectives by investing primarily in a portfolio of long-term, investment grade municipal obligations the interest on which, in the opinion of bond counsel to the issuer, is exempt from Federal and California income taxes ("California Municipal Bonds"). There can be no assurance that after the Reorganization the surviving fund will achieve the investment objective of either MuniYield California Insured II or MuniVest California Insured.

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INTRODUCTION

This Proxy Statement and Prospectus is furnished in connection with the solicitation of proxies on behalf of the Boards of Directors of MuniYield California Insured II and MuniVest California Insured for use at the Meetings to be held at the offices of Merrill Lynch Asset Management, L.P. ("MLAM"), 800 Scudders Mill Road, Plainsboro, New Jersey on September 30, 1996, at 11:30 A.M., New York time (for MuniYield California Insured II) and 11:15 A.M., New York time (for MuniVest California Insured). The mailing address for both MuniYield California Insured II and MuniVest California Insured is P.O. Box 9011, Princeton, New Jersey 08543-9011. The approximate mailing date of this Proxy Statement and Prospectus is August 26, 1996.

Any person giving a proxy may revoke it at any time prior to its exercise by executing a superseding proxy, by giving written notice of the revocation to the Secretary of MuniYield California Insured II or MuniVest California Insured, as applicable, at the address indicated above or by voting in person at the appropriate Meeting. All properly executed proxies received prior to the Meetings will be voted at the Meetings in accordance with the instructions marked thereon or otherwise as provided therein. Unless instructions to the contrary are marked, proxies will be voted "FOR" each of the following proposals: (1) to approve the Agreement and Plan of Reorganization between MuniYield California Insured II and MuniVest California Insured (the "Agreement and Plan of Reorganization"); (2) to elect a Board of Directors of each Fund to serve for the ensuing year; and (3) to ratify the selection of Deloitte & Touche LLP as the independent auditors of MuniYield California Insured II and MuniVest California Insured, for the respective Fund's current fiscal year ending October 31, 1996.

With respect to proposal 1, approval of the Agreement and Plan of Reorganization by MuniYield California Insured II will require the affirmative vote of stockholders representing a majority of the outstanding shares of MuniYield California Insured II Common Stock and of the AMPS of MuniYield California Insured II, designated Series A and Series B, each with a liquidation preference of $25,000 per share plus an amount equal to accumulated but unpaid dividends thereon (whether or not earned or declared) (collectively, the "MuniYield California Insured II AMPS"), voting together as a single class, and a majority of the outstanding shares of MuniYield California Insured II AMPS, voting separately as a class; and approval by MuniVest California Insured will require the affirmative vote of stockholders representing a majority of the outstanding shares of MuniVest California Insured Common Stock and MuniVest California Insured AMPS, voting together as a single class, and a majority of the outstanding shares of MuniVest California Insured AMPS, voting separately as a class.

With respect to proposal 2, holders of shares of MuniYield California Insured II AMPS are entitled to elect two Directors of MuniYield California Insured II and holders of shares of MuniYield California Insured II Common Stock and MuniYield California Insured II AMPS voting together as a single class are entitled to elect the remaining Directors of MuniYield California Insured II; similarly, holders of shares of MuniVest California Insured AMPS are entitled to elect two Directors of MuniVest California Insured and holders of shares of MuniVest California Insured Common Stock and MuniVest California Insured AMPS voting together as a single class are entitled to elect the remaining Directors of MuniVest California Insured. Assuming a quorum is present, (x) election of the two Directors of MuniYield California Insured II or MuniVest California Insured, as the case may be, to be elected by the holders of shares of that Fund's AMPS, voting separately as a class, will require the affirmative vote of a majority of the votes cast by the holders of the MuniYield California Insured II AMPS or MuniVest California Insured AMPS, respectively, represented at

the Meetings and entitled to vote; and (y) election of the remaining Directors of MuniYield California Insured II or MuniVest California Insured, as the case may be, will require the affirmative vote of a majority of the votes cast by the holders of shares of their respective Common Stock and AMPS, represented at the Meetings and entitled to vote, voting together as a single class.

With respect to proposal 3, approval of the ratification of the selection of Deloitte & Touche LLP as the independent auditors of MuniYield California Insured II will require the affirmative vote of a majority of the votes cast by the holders of shares of MuniYield California Insured II Common Stock and MuniYield California Insured II AMPS represented at the Meetings and entitled to vote, voting together as a single class; similarly, approval of the ratification of the selection of Deloitte & Touche LLP as the independent auditors of MuniVest California Insured will require the affirmative vote of a majority of the votes cast by the holders of shares of MuniVest California Insured Common Stock and MuniVest California Insured AMPS represented at the Meetings and entitled to vote, voting together as a single class.

The Boards of Directors of MuniYield California Insured II and MuniVest California Insured have fixed the close of business on August 16, 1996 as the record date (the "Record Date") for the determination of stockholders entitled to notice of, and to vote at, the Meetings or any adjournment thereof. Stockholders on the Record Date will be entitled to one vote for each share held, with no shares having cumulative voting rights. As of the Record Date, there were issued and outstanding 12,678,633 shares of MuniYield California Insured II Common Stock, 3,600 shares of MuniYield California Insured II AMPS in two series, 5,961,365 shares of MuniVest California Insured Common Stock and 1,600 shares of MuniVest California Insured AMPS. To the knowledge of the management of each of MuniYield California Insured II and MuniVest California Insured, no person owned beneficially more than 5% of the respective outstanding shares of either class of capital stock of MuniYield California Insured II or MuniVest California Insured at the Record Date.

The Boards of Directors of MuniYield California Insured II and MuniVest California Insured know of no business other than that discussed in proposals 1, 2 and 3 above which will be presented for consideration at the Meetings. If any other matter is properly presented, it is the intention of the persons named in the enclosed proxy to vote in accordance with their best judgment.

THE REORGANIZATION

SUMMARY

The following is a summary of certain information contained elsewhere in this Proxy Statement and Prospectus and is qualified in its entirety by reference to the more complete information contained herein and in the Agreement and Plan of Reorganization, attached hereto as Exhibit I.

In this Proxy Statement and Prospectus, the term "Reorganization" refers collectively to (i) the acquisition of all of the assets and the assumption of all of the liabilities of MuniVest California Insured by MuniYield California Insured II and the subsequent distribution of MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS to the holders of MuniVest California Insured Common Stock and MuniVest California Insured AMPS, respectively, and (ii) the subsequent deregistration and dissolution of MuniVest California Insured.

At a meeting of the Board of Directors of MuniYield California Insured II held on June 21, 1996 and at a meeting of the Board of Directors of MuniVest California Insured held on May 3, 1996, the Boards of Directors of MuniYield California Insured II and MuniVest California Insured each unanimously approved a proposal that MuniYield California Insured II acquire all of the assets, and assume all of the liabilities, of MuniVest California Insured in exchange solely for MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS to be issued to MuniVest California Insured and thereafter distributed to the stockholders of MuniVest California Insured. Subject to obtaining the necessary approvals from the MuniYield California Insured II and MuniVest California Insured stockholders, the Board of Directors of MuniVest California Insured deemed advisable the deregistration of MuniVest California Insured under the Investment Company Act and its dissolution under the laws of the State of Maryland.

Both MuniYield California Insured II and MuniVest California Insured seek to provide stockholders with as high a level of current income exempt from Federal and California income taxes as is consistent with their respective investment policies and prudent investment management. Both MuniYield California Insured II and MuniVest California Insured seek to achieve their investment objectives by investing primarily in a portfolio of California Municipal Bonds. Under normal circumstances, at least 80% of each Fund's total assets will be invested in California Municipal Bonds with remaining maturities of one year or more which are covered by insurance guaranteeing the timely payment of principal at maturity and interest.

MuniYield California Insured II and MuniVest California Insured are both non-diversified, leveraged, closed-end management investment companies registered under the Investment Company Act. If the MuniYield California Insured II and MuniVest California Insured stockholders approve the Reorganization, MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS will be issued to MuniVest California Insured in exchange for the assets of MuniVest California Insured. After the Reorganization, MuniVest California Insured will distribute the MuniYield California Insured II Common Stock and the MuniYield California Insured II Series C AMPS to its stockholders and thereafter terminate its registration under the Investment Company Act and its incorporation under Maryland law.

Based upon their evaluation of all relevant information, the Directors of MuniYield California Insured II and MuniVest California Insured have determined that the Reorganization will potentially benefit the holders of Common Stock of both MuniYield California Insured II and MuniVest California Insured. Specifically, after the Reorganization, MuniVest California Insured stockholders will remain invested in a closed-end fund that has an investment objective and policies virtually identical to those of MuniVest California Insured and which utilizes the same management personnel. In addition, it is anticipated that both MuniYield California Insured II and MuniVest California Insured common stockholders will be subject to a reduced overall operating expense ratio based on the combined assets of the surviving fund after the Reorganization. It is not anticipated that the Reorganization will directly benefit the holders of shares of MuniYield California Insured II AMPS or MuniVest California Insured AMPS; however, the Reorganization will not adversely affect the holders of shares of AMPS of either Fund and the expenses of the Reorganization will not be borne by the holders of shares of AMPS of either Fund.

In deciding to recommend the Reorganization, the Boards of Directors of MuniYield California Insured II and MuniVest California Insured took into account the investment objective and policies of both MuniYield California Insured II and MuniVest California Insured, the expenses incurred by both due to the Reorganization and on an ongoing basis by the new and existing stockholders of MuniYield California Insured II and the potential benefits, including economies of scale, to MuniYield California Insured II and

MuniVest California Insured common and preferred stockholders as a result of the Reorganization. The Boards of Directors of MuniYield California Insured II and MuniVest California Insured, including all of the Directors who are not "interested persons", as defined in the Investment Company Act, of MuniYield California Insured II or MuniVest California Insured, have determined that the Reorganization is in the best interests of each of the Funds and of the common and preferred stockholders of MuniYield California Insured II and MuniVest California Insured and that the interests of such stockholders will not be diluted as a result of effecting the Reorganization.

If all of the requisite approvals are obtained, it is anticipated that the Reorganization will occur as soon as practicable after such approval, provided that the Funds have obtained prior to that time a favorable private letter ruling from the Internal Revenue Service ("IRS") concerning the tax consequences of the Reorganization as set forth in the Agreement and Plan of Reorganization. Under the Agreement and Plan of Reorganization, however, the Board of Directors of either MuniYield California Insured II or MuniVest California Insured may cause the Reorganization to be postponed or abandoned should either Board determine that it is in the best interests of the stockholders of either MuniYield California Insured II or MuniVest California Insured, respectively, to do so. The Agreement and Plan of Reorganization may be terminated, and the Reorganization abandoned, whether before or after approval by the Funds' stockholders, at any time prior to the Exchange Date (as defined below) (i) by mutual consent of the Boards of Directors of MuniYield California Insured II and MuniVest California Insured; (ii) by the Board of Directors of MuniYield California Insured II if any condition to MuniYield California Insured II's obligations has not been fulfilled or waived by such Board; or (iii) by the Board of Directors of MuniVest California Insured if any condition to MuniVest California Insured's obligations has not been fulfilled or waived by such Board.

PRO FORMA FEE TABLE FOR COMMON STOCKHOLDERS OF MUNIYIELD CALIFORNIA INSURED II, MUNIVEST CALIFORNIA INSURED AND THE COMBINED FUND AS OF APRIL 30, 1996 (UNAUDITED)(A)

<TABLE>
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	ACTUAL		
	MUNIYIELD CALIFORNIA INSURED II	MUNIVEST CALIFORNIA INSURED	PRO FORMA FOR COMBINED FUND
<S>	<C>	<C>	<C>
Common Stockholder Transaction Expenses:			
Maximum Sales Load (as a percentage of the offering price) imposed on purchases of Common Stock	5.50%(b)	5.50%(b)	(c)
Dividend Reinvestment and Cash Purchase Plan Fees	None	None	None
Annual Fund Operating Expenses (as a percentage of average net assets attributable to Common Stock at April 30, 1996; annualized)(d):			
Investment Advisory Fees	0.73%	0.74%	0.71%
Other Expenses			
Transfer Agent Fees	0.03%	0.06%	0.03%
Custodian Fee	0.01%	0.01%	0.01%
Miscellaneous	0.25%	0.40%	0.23%
Total Other Expenses	0.29%	0.47%	0.27%
Total Annual Operating Expenses	1.02%	1.21%	0.98%

</TABLE>

(a) No information is presented with respect to AMPS because neither a Fund's operating expenses nor expenses of the Reorganization will be borne by the holders of AMPS of either Fund. Generally, AMPS are sold at a fixed liquidation preference of $25,000 per share and investment return is set at an auction.

(b) Sales load charged in the Fund's initial offering, subject to reductions for bulk purchases. Shares of Common Stock purchased on the secondary market are not subject to sales loads, but may be subject to brokerage commissions or other charges.

(c) No sales load will be charged on the issuance of shares in the Reorganization. Shares of Common Stock are not available for purchase from the Funds but may be purchased through a broker-dealer subject to individually negotiated commission rates.

(d) The actual annualized Fund operating expenses were derived from each Fund's shareholder report dated as of April 30, 1996. The pro forma annual operating expenses for the combined fund are projections for a 12-month period.

EXAMPLE:

CUMULATIVE EXPENSES PAID ON SHARES OF COMMON STOCK FOR THE PERIODS INDICATED:

<TABLE>

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	1 YEAR	3 YEARS	5 YEARS	10 YEARS
<S>	<C>	<C>	<C>	<C>
An investor would pay the following expenses on a $1,000 investment, including the maximum sales load of $55 and assuming (1) an operating expense ratio of 1.02% for MuniYield California Insured II shares, 1.21% for MuniVest California Insured shares and 0.98% for shares of the combined fund and (2) a 5% annual return throughout the period:				
MuniYield California Insured II.........................	$ 65	$86	$ 108	$173
MuniVest California Insured............................	$ 67	$91	$ 118	$194
Combined Fund*...	$ 64	$85	$ 106	$169

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* Assumes that the Reorganization had taken place on April 30, 1996

The foregoing Fee Table is intended to assist investors in understanding the costs and expenses that a MuniYield California Insured II or MuniVest California Insured common stockholder will bear directly or indirectly as compared to the costs and expenses that would be borne by such investors taking into account the Reorganization. The Example set forth above assumes that shares of Common Stock were purchased in the initial offerings and the reinvestment of all dividends and distributions and utilizes a 5% annual rate of return as mandated by Securities and Exchange Commission (the "Commission") regulations. THE EXAMPLE SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE EXPENSES OR ANNUAL RATES OF RETURN, AND ACTUAL EXPENSES OR ANNUAL RATES OF RETURN MAY BE MORE OR LESS THAN THOSE ASSUMED FOR PURPOSES OF THE EXAMPLE. See "Comparison of the Funds" and "The Reorganization -- Potential Benefits to MuniYield California Insured II Common Stockholders and MuniVest California Insured Common Stockholders as a Result of the Reorganization".

BUSINESS OF MUNIYIELD CALIFORNIA INSURED II.................. MuniYield California Insured II was incorporated under the laws of the State of Maryland on June 3, 1992 and commenced operations on October 30, 1992. Like MuniVest California Insured, MuniYield California Insured II is a non-diversified, leveraged, closed-end management investment company whose investment objective is to provide stockholders with as high a level of current income exempt from Federal and California income taxes as is consistent with its investment policies and prudent investment management. Furthermore, like MuniVest California Insured, MuniYield California Insured II seeks to achieve its investment objective by investing primarily in a portfolio of California Municipal Bonds. See "Comparison of the Funds -- Investment Objectives and Policies".

Like MuniVest California Insured, MuniYield California Insured II has outstanding both Common Stock and AMPS. As of July 31, 1996, MuniYield California Insured II had net assets of $277,031,427.

BUSINESS OF MUNIVEST CALIFORNIA INSURED..................... MuniVest California Insured was incorporated under the laws of the State of Maryland on February 19, 1993 and commenced operations on April 30, 1993. Like MuniYield California Insured II, MuniVest California Insured is a non-diversified, leveraged, closed-end management investment company whose investment objective is to provide stockholders with as high a level of current income exempt from Federal and California income taxes as is consistent with its investment policies and prudent investment management. Furthermore, like MuniYield California Insured II, MuniVest California Insured seeks to achieve its investment objective by investing primarily in a portfolio of California Municipal Bonds.

Like MuniYield California Insured II, MuniVest California Insured has outstanding both Common Stock and AMPS. As of July 31, 1996, MuniVest California Insured had net assets of $118,957,110.

COMPARISON OF THE FUNDS....... Investment Objectives and Policies. MuniYield California Insured II and MuniVest California Insured have virtually identical investment objectives and policies. Both Funds seek to pay interest exempt from Federal and California income taxes and seek to maintain as much of their respective portfolios invested in California Municipal Bonds as possible. As of July 31, 1996, 99% of MuniYield California Insured II's net assets and 99% of MuniVest California Insured's net assets were invested in California Municipal Bonds. The same investment restrictions apply to both MuniYield California Insured II and MuniVest California Insured. See "Comparison of the Funds -- Investment Objective and Policies".

Capital Stock. MuniYield California Insured II and MuniVest California Insured each has outstanding both Common Stock and AMPS. Both MuniYield California Insured II Common Stock and MuniVest California Insured Common Stock are traded on the NYSE. As of July 31, 1996, the net asset value per share of the MuniYield California Insured II Common Stock was $14.75 and the market price per share was $13.50 and as of the same date, the net asset value per share of the MuniVest California Insured Common Stock was $13.24 and the market

price per share was $12.375. MuniYield California Insured II AMPS and MuniVest California Insured AMPS have liquidation preferences of $25,000 per share and are sold principally at auctions. See "Comparison of the Funds -- Capital Stock".

Auctions generally have been held and will be held every 28 days in the case of MuniYield California Insured II Series A AMPS and every seven days in the case of MuniYield California Insured II Series B AMPS unless MuniYield California Insured II elects, subject to certain limitations, to have a special dividend period. As of the auction held on July 19, 1996, the dividend rate on the MuniYield California Insured II Series A AMPS was 3.39%; as of the auction held on August 2, 1996, the dividend rate on the MuniYield California Insured II Series B AMPS was 3.50%.

Similarly, auctions generally have been held and will be held every seven days in the case of MuniVest California Insured AMPS unless MuniVest California Insured elects, subject to certain limitations, to have a special dividend period. As of the auction held on August 6, 1996, the dividend rate on the MuniVest California Insured AMPS was 2.80%.

Advisory Fees. The investment adviser for both MuniYield California Insured II and MuniVest California Insured is Fund Asset Management, L.P. ("FAM"). FAM is an affiliate of MLAM, and both FAM and MLAM are owned and controlled by Merrill Lynch & Co., Inc. ("ML & Co."). The principal business address of FAM is 800 Scudders Mill Road, Plainsboro, New Jersey 08536. MLAM or FAM acts as the investment adviser for more than 130 registered investment companies. FAM also offers portfolio management and portfolio analysis services to individuals and institutions.

FAM is responsible for the management of each Fund's investment portfolio and for providing administrative services to each Fund. The same personnel manage the portfolios of both MuniYield California Insured II and MuniVest California Insured. Roberto Roffo serves as the portfolio manager for both Funds.

Pursuant to separate investment advisory agreements between each Fund and FAM, each Fund pays FAM a monthly fee at the annual rate of 0.50% of such Fund's average weekly net assets. Subsequent to the Reorganization, FAM will continue to receive

compensation at the rate of 0.50% of the average weekly net assets of the surviving fund. See "Comparison of the Funds -- Management of the Funds".

Other Significant Fees. Boston EquiServe is the transfer agent, dividend disbursing agent and registrar for MuniYield California Insured II Common Stock and The Bank of New York is the transfer agent, dividend disbursing agent and registrar for MuniVest California Insured Common Stock. State Street Bank and Trust Company is the custodian for the assets of MuniYield California Insured II and The Bank of New York is the custodian for the assets of MuniVest California Insured. IBJ Schroder Bank and Trust Company is the transfer agent, registrar and auction agent for both MuniYield California Insured II and MuniVest California Insured in connection with their respective AMPS. The principal business addresses are as follows: Boston EquiServe, 150 Royall Street, Canton, Massachusetts 02021; State Street Bank and Trust Company, One Heritage Drive, P2N, North Quincy, Massachusetts 02171; The Bank of New York, 90 Washington Street, New York, New York 10286 (for custodial services) and 101 Barclay Street, New York, New York 10286 (for transfer agency services) and IBJ Schroder Bank and Trust Company, One State Street, New York, New York 10004. See "Comparison of the Funds -- Management of the Funds".

Overall Expense Ratio. As of April 30, 1996, the overall annualized operating expense ratio for MuniYield California Insured II was 0.69%, based on average net assets of approximately $282.6 million including AMPS, and 1.02%, based on average net assets of approximately $192.6 million excluding AMPS, and the overall annualized operating expense ratio for MuniVest California Insured was 0.81%, based on average net assets of approximately $121.2 million including AMPS, and 1.21%, based on average net assets of approximately $81.2 million excluding AMPS. If the Reorganization had taken place on April 30, 1996, the overall operating expense ratio for the combined fund on a pro forma basis would have been 0.67%, based on average net assets of approximately $403.8 million including AMPS, and 0.98%, based on average net assets of approximately $273.8 million excluding AMPS.

Purchases and Sales of Common Stock and AMPS. Purchase and sale procedures for both MuniYield California Insured II Common Stock and MuniVest California Insured Common

Stock are identical, and investors typically purchase and sell shares of Common Stock of such Funds through a registered broker-dealer on the NYSE, thereby incurring a brokerage commission set by the broker-dealer. Alternatively, investors may purchase or sell shares of Common Stock of such Funds through privately negotiated transactions with existing stockholders.

Purchase and sale procedures for MuniYield California Insured II AMPS and MuniVest California Insured AMPS also are identical. Such AMPS generally are purchased and sold at separate auctions conducted on a regular basis by IBJ Schroder Bank and Trust Company, as the auction agent for each Fund's AMPS (the "Auction Agent"). Unless otherwise permitted by the Funds, existing and potential holders of AMPS only may participate in auctions through their broker-dealers. Broker-dealers submit the orders of their respective customers who are existing and potential holders of AMPS to the Auction Agent. On or prior to each auction date for the AMPS (the business day next preceding the first day of each dividend period), each holder may submit orders to buy, sell or hold AMPS to its broker-dealer. Outside of these auctions, shares of MuniYield California Insured II AMPS or MuniVest California Insured AMPS may be purchased or sold through broker-dealers for the AMPS in a secondary trading market maintained by the broker-dealers. However, there can be no assurance that a secondary market actually will be developed and maintained by the broker-dealers for the AMPS of either Fund.

Ratings of AMPS. The MuniYield California Insured II AMPS and the MuniVest California Insured AMPS have each been assigned a rating of AAA from Standard & Poor's Ratings Group ("S&P") and "aaa" from Moody's Investors Service, Inc. ("Moody's"). See "Comparison of the Funds -- Rating Agency Guidelines".

Portfolio Insurance. The policies are the same for each Fund with respect to obtaining insurance for portfolio securities. Under normal circumstances, 65% of each Fund's total assets will be invested in California Municipal Bonds with remaining maturities of one year or more which are covered by insurance guaranteeing the timely payment of principal at maturity and interest, and at least 80% of each Fund's total assets will be invested in California Municipal Bonds and Municipal Bonds with remaining maturities of one year or more which are insured under either (i) an insurance policy purchased by the Fund or

(ii) an insurance policy obtained by the issuer thereof or any other party. See "Comparison of the Funds -- Investment Objectives and Policies -- Portfolio Insurance".

Portfolio Transactions. The portfolio transactions in which MuniYield California Insured II and MuniVest California Insured may engage are identical, as are the procedures for such transactions. See "Comparison of the Funds -- Portfolio Transactions".

Dividends and Distributions. The methods of dividend payment and distributions are identical for MuniYield California Insured II and MuniVest California Insured, both with respect to the Common Stock and the AMPS of each Fund. See "Comparison of the Funds -- Dividends and Distributions".

Net Asset Value. The net asset value per share of Common Stock of each Fund is determined as of 15 minutes after the close of business on the NYSE (generally, 4:00 P.M., New York time) on each day during which the NYSE is open for trading. For purposes of determining the net asset value of a share of Common Stock of each Fund, the value of the securities held by the Fund plus any cash or other assets (including interest accrued but not yet received) minus all liabilities (including accrued expenses) and the aggregate liquidation value of the outstanding shares of AMPS of the Fund is divided by the total number of shares of Common Stock of the Fund outstanding at such time. Expenses, including the fees payable to FAM, are accrued daily. See "Comparison of the Funds -- Net Asset Value".

Voting Rights. The corresponding voting rights of the holders of shares of MuniYield California Insured II Common Stock and MuniVest California Insured Common Stock are identical. Similarly, the corresponding voting rights of the holders of shares of MuniYield California Insured II AMPS and MuniVest California Insured AMPS are identical. See "Comparison of the Funds -- Capital Stock".

Stockholder Services. An automatic dividend reinvestment plan is available both to the holders of shares of MuniYield California Insured II Common Stock and the holders of shares of MuniVest California Insured Common Stock. The plans are identical for the two Funds. See "Comparison of the Funds -- Automatic Dividend Reinvestment Plan". Other stockholder services, including the provision of annual and semi-annual reports, are the same for the two Funds.

OUTSTANDING SECURITIES OF MUNIYIELD CALIFORNIA INSURED II AND MUNIVEST CALIFORNIA INSURED AS OF JULY 31, 1996 (UNAUDITED)

<TABLE>
<CAPTION>

TITLE OF CLASS	AMOUNT AUTHORIZED	AMOUNT HELD BY FUND FOR ITS OWN ACCOUNT	AMOUNT OUTSTANDING EXCLUSIVE OF AMOUNT SHOWN IN PREVIOUS COLUMN
<S>	<C>	<C>	<C>
MuniYield California Insured II			
Common Stock..............................	199,996,400	-0 -	12,678,633
AMPS			
Series A AMPS........................	1,800	- 0 -	1,800
Series B AMPS........................	1,800	-0 -	1,800
MuniVest California Insured			
Common Stock..............................	199,998,400	-0 -	5,961,365
AMPS....................................	1,600	-0 -	1,600

</TABLE>

TAX CONSIDERATIONS........... MuniYield California Insured II and MuniVest California Insured have jointly requested a private letter ruling from the IRS with respect to the Reorganization to the effect that, among other things, neither MuniYield California Insured II nor MuniVest California Insured will recognize gain or loss on the transaction and MuniVest California Insured stockholders will not recognize gain or loss on the exchange of their MuniVest California Insured shares for shares of MuniYield California Insured II Common Stock (except to the extent a MuniVest California Insured common stockholder receives cash representing an interest in less than a full share of MuniYield California Insured II Common Stock in the Reorganization) or MuniYield California Insured II Series C AMPS. The consummation of the Reorganization is subject to the receipt of such ruling. The Reorganization will not affect the status of MuniYield California Insured II as a regulated investment company (a "RIC") under the Internal Revenue Code of 1986, as amended (the "Code"). MuniVest California Insured will liquidate pursuant to the Reorganization. See "The Reorganization -- Tax Consequences of the Reorganization".

RISK FACTORS AND SPECIAL CONSIDERATIONS

Since both MuniYield California Insured II and MuniVest California Insured invest primarily in a portfolio of California Municipal Bonds, any risks inherent in such investments are equally applicable to both Funds and will be similarly pertinent to the combined fund after the Reorganization. It is expected that the Reorganization itself will not adversely affect the rights of holders of shares of Common Stock or AMPS of either Fund or create additional risks.

SPECIAL CONSIDERATIONS RELATING TO CALIFORNIA MUNICIPAL BONDS

MuniYield California Insured II and MuniVest California Insured ordinarily invest substantially all of their total assets in California Municipal Bonds and, therefore, they are more susceptible to factors adversely affecting issuers of California Municipal Bonds than is a municipal bond investment company that is not concentrated in issuers of California Municipal Bonds to this degree. Economic activity in California, as in many other industrially developed states, tends to be more cyclical than in some other states and in the nation as a whole. FAM does not believe that the current economic conditions in California will have a significant adverse effect on either Fund's ability to invest prudently in California Municipal Bonds. See Exhibit II -- "Economic Conditions in California".

EFFECTS OF LEVERAGE

Utilization of leverage, through the issuance of AMPS, involves certain risks to holders of MuniYield California Insured II Common Stock and MuniVest California Insured Common Stock. For example, each Fund's issuance of AMPS may result in higher volatility of the net asset value of its Common Stock and potentially more volatility in the market value of its Common Stock. In addition, fluctuations in the short-term and medium-term dividend rates on, and the amount of taxable income allocable to, the AMPS affect the yield to holders of Common Stock. So long as each Fund, taking into account the costs associated with its AMPS and the Fund's operating expenses, is able to realize a higher net return on its investment portfolio than the then-current dividend rate on the AMPS, the effect of leverage is to cause holders of the Fund's Common Stock to realize a higher current rate of return than if the Fund were not leveraged. Similarly, since a pro rata portion of each Fund's net realized capital gains on its investment assets generally is payable to holders of the Fund's Common Stock, if increased net capital gains are realized by the Fund because of increased capital for investment, the effect of leverage will be to increase the amount of such gains distributed to holders of the Fund's Common Stock. However, short-term, medium-term and long-term interest rates change from time to time as does their relationship to each other (i.e., the slope of the yield curve) depending upon such factors as supply and demand forces, monetary and tax policies and investor expectations. Changes in such factors could cause the relationship between short-term, medium-term and long-term rates to change (i.e., to flatten or to invert the slope of the yield curve) so that short-term and medium-term rates may increase substantially relative to the long-term obligations in which each Fund may be invested. To the extent that the current dividend rate on the AMPS approaches the net return on a Fund's investment portfolio, the benefit of leverage to holders of Common Stock is reduced, and if the current dividend rate on the AMPS were to exceed the net return on a Fund's portfolio, the Fund's leveraged capital structure would result in a lower rate of return to holders of Common Stock than if the Fund were not leveraged. Similarly, since both the costs associated with the issuance of AMPS and any decline in the value of a Fund's investments (including investments purchased with the proceeds from any AMPS offering) are borne entirely by holders of the Fund's Common Stock, the effect of leverage in a declining market would result in a greater decrease in net asset value to holders of Common Stock than if the

Fund were not leveraged. Such decrease in net asset value likely would be reflected in a greater decline in the market price for shares of Common Stock.

In an extreme case, a decline in net asset value could affect each Fund's ability to pay dividends on its Common Stock. Failure to make such dividend payments could adversely affect the Fund's qualification for the special tax treatment afforded RICs under the Code. See "The Reorganization -- Tax Consequences of

the Reorganization". Each Fund intends, however, to take all measures necessary to continue to make Common Stock dividend payments. If a Fund's current investment income were not sufficient to meet dividend requirements on either the Common Stock or the AMPS, it could be necessary for the Fund to liquidate certain of its investments. In addition, each Fund has the authority to redeem its AMPS for any reason and may redeem all or part of its AMPS if (i) the Fund anticipates that its leveraged capital structure will result in a lower rate of return for any significant amount of time to holders of the Common Stock than that obtainable if the Common Stock were unleveraged or (ii) the asset coverage (as defined in the Investment Company Act) for the AMPS declines below 200% or the Fund fails to satisfy the guidelines specified by Moody's and S&P in connection with their respective rating of the AMPS. Redemption of the AMPS or insufficient investment income to make dividend payments may reduce the net asset value of the Common Stock and require the Fund to liquidate a portion of its investments at a time when it may be disadvantageous, in the absence of such extraordinary circumstances, to do so.

PORTFOLIO MANAGEMENT

The portfolio management strategies of MuniYield California Insured II and MuniVest California Insured are the same. In the event of an increase in short-term or medium-term rates or other change in market conditions to the point where a Fund's leverage could adversely affect holders of Common Stock as noted above, or in anticipation of such changes, each Fund may attempt to shorten the average maturity of its investment portfolio, which would tend to offset the negative impact of leverage on holders of its Common Stock. Each Fund also may attempt to reduce the degree to which it is leveraged by redeeming AMPS pursuant to the provisions of the Fund's Articles Supplementary establishing the rights and preferences of the AMPS or otherwise purchasing shares of AMPS. Purchases and sales or redemptions of AMPS, whether on the open market or in negotiated transactions, are subject to limitations under the Investment Company Act. If market conditions subsequently change, each Fund may sell previously unissued shares of AMPS or shares of AMPS that the Fund previously issued but later repurchased or redeemed.

RATINGS CONSIDERATIONS

MuniYield California Insured II and MuniVest California Insured have received ratings of their AMPS of AAA from S&P and "aaa" from Moody's. In order to maintain these ratings, the Funds are required to maintain portfolio holdings meeting specified guidelines of such rating agencies. These guidelines may impose asset coverage requirements that are more stringent than those imposed by the Investment Company Act.

As described by Moody's and S&P, a preferred stock rating is an assessment of the capacity and willingness of an issuer to pay preferred stock obligations. The ratings of the AMPS are not recommendations to purchase, hold or sell shares of AMPS, inasmuch as the ratings do not comment as to market price or suitability for a particular investor, nor do the rating agency guidelines address the likelihood that a holder of shares of AMPS will be able to sell such shares in an auction. The ratings are based on current information furnished to Moody's and S&P by the Funds and FAM and information obtained from other sources. The ratings may be changed, suspended or withdrawn as a result of changes in, or the unavailability of, such information. Neither the MuniYield California Insured II Common Stock nor the MuniVest California Insured Common Stock has been rated by a nationally recognized statistical rating organization.

The Board of Directors of each of MuniYield California Insured II or MuniVest California Insured, as the case may be, without stockholder approval, may amend, alter or repeal certain definitions or restrictions

which have been adopted by the Fund pursuant to the rating agency guidelines, in the event the Fund receives confirmation from the rating agencies that any such amendment, alteration or repeal would not impair the ratings then assigned to shares of AMPS.

COMPARISON OF THE FUNDS

FINANCIAL HIGHLIGHTS

MuniYield California Insured II

The financial information in the table below, except for the six-month period ended April 30, 1996 which is unaudited and has been provided by FAM, has been audited in conjunction with the annual audits of the financial statements of the Fund by Deloitte & Touche LLP, independent auditors. The following per share data and ratios have been derived from information provided in the financial statements of the Fund.

<TABLE>
<CAPTION>

	FOR THE SIX MONTHS ENDED APRIL 30, 1996	FOR THE YEAR ENDED OCTOBER 31, 1995	1994	1993	FOR THE PERIOD OCTOBER 30, 1992+ TO OCTOBER 31, 1992
<S>	<C>	<C>	<C>	<C>	<C>
INCREASE (DECREASE) IN NET ASSET VALUE:					
PER SHARE OPERATING PERFORMANCE:					
Net asset value, beginning of period.........	$ 14.92	$ 13.39	$ 16.36	$ 14.15	$ 14.18
Investment income -- net.....................	.56	1.13	1.17	1.12	--
Realized and unrealized gain (loss) on investments -- net.........................	(.47)	1.61	(2.90)	2.27	--
Total from investment operations............	.09	2.74	(1.73)	3.39	--
Less dividends and distributions to Common Stock shareholders:					
Investment income -- net.................	(.44)	(.87)	(.92)	(.84)	--
Realized gain on investments -- net......	--	(.07)	(.11)	--	--
Total dividends and distributions to Common Stock shareholders.........................	(.44)	(.94)	(1.03)	(.84)	--

</TABLE>

<TABLE>

<S>	<C>	<C>	<C>	<C>	<C>
Capital charge resulting from issuance of Common Stock..............................	--	--	--	--	(.03)
Effect of Preferred Stock activity++:					
Dividends and distributions to Preferred Stock shareholders:					
Investment income -- net............	(.13)	(.26)	(.19)	(.20)	--
Realized gain on investments -- net................	--	(.01)	(.02)	--	--
Capital charge resulting from issuance of Preferred Stock.......................	--	--	--	(.14)	--
Total effect of Preferred Stock activity.....	(.13)	(.27)	(.21)	(.34)	--
Net asset value, end of period..............	$ 14.44	$ 14.92	$ 13.39	$ 16.36	$ 14.15
Market price per share, end of period........	$ 13.875	$ 13.125	$ 11.875	$ 15.375	$ 15.00
TOTAL INVESTMENT RETURN:**					
Based on market price per share.............	9.08%#	19.00%	(16.78%)	8.24%	.00%#
Based on net asset value per share...........	(.14%)#	19.97%	(11.82%)	22.09%	(.21%)#
RATIOS TO AVERAGE NET ASSETS:***					
Expenses, net of reimbursement..............	.69%*	.71%	.70%	.56%##	-- %

</TABLE>

<TABLE>
<CAPTION>

	FOR THE SIX MONTHS ENDED APRIL 30, 1996	FOR THE YEAR ENDED OCTOBER 31, 1995	1994	1993	FOR THE PERIOD OCTOBER 30, 1992+ TO OCTOBER 31, 1992
<S>	<C>	<C>	<C>	<C>	<C>
Expenses....................................	.69%*	.71%	.70%	.68%	-- %
Investment income -- net....................	4.97%*	5.42%	5.28%	5.17%	-- %

SUPPLEMENTAL DATA:					
Net assets, net of Preferred Stock, end of period (in thousands)	$183,044	$ 189,124	$ 169,757	$ 207,404	$ 178,555
Preferred Stock outstanding, end of period (in thousands)	$ 90,000	$ 90,000	$ 90,000	$ 90,000	--
Portfolio turnover	57.30%	114.78%	41.67%	15.85%	.00%
LEVERAGE:					
Asset coverage per $1,000	$ 3,034	$ 3,101	$ 2,886	$ 3,304	--
DIVIDENDS PER SHARE ON PREFERRED STOCK OUTSTANDING+++:					
Series A -- Investment income -- net	$ 469	$ 948	$ 636	$ 743	--
Series B -- Investment income -- net	$ 441	$ 904	$ 687	$ 685	--

</TABLE>

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* Annualized.

** Total investment returns based on market value, which can be significantly greater or less than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales loads.

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

+ Commencement of operations.

++ The Fund's Preferred Stock was issued on November 30, 1992.

+++ Dividends per share have been adjusted to reflect a two-for-one stock split that occurred on December 1, 1994.

Aggregate total investment return.

For the year ended October 31, 1993, FAM earned fees of $1,379,081, of which $297,429 was voluntarily waived. In addition, FAM reimbursed the Fund $40,885 for additional expenses.

MuniVest California Insured

The financial information in the table below, except for the six-month period ended April 30, 1996 which is unaudited and has been provided by FAM, has been audited in conjunction with the annual audits of the financial statements of the Fund by Deloitte & Touche LLP, independent auditors. The following per share data and ratios have been derived from information provided in the Financial Statements of the Fund.

<TABLE>
<CAPTION>

<S>	FOR THE SIX MONTHS ENDED APRIL 30, 1996 <C>	FOR THE YEAR ENDED OCTOBER 31, 1995 <C>	FOR THE YEAR ENDED OCTOBER 31, 1994 <C>	FOR THE PERIOD APRIL 30, 1993+ TO OCTOBER 31, 1993 <C>
INCREASE (DECREASE) IN NET ASSET VALUE:				
PER SHARE OPERATING PERFORMANCE:				
Net asset value, beginning of period	$ 13.39	$ 11.80	$ 15.01	$ 14.18
Investment income -- net	.50	1.03	1.01	.48
Realized and unrealized gain (loss) on investments -- net	(.45)	1.58	(3.13)	.91
Total from investment operations	.05	2.61	(2.12)	1.39
Less dividends and distributions to Common Stock shareholders:				
Investment income -- net	(.39)	(.77)	(.82)	(.34)
Realized gain on investments -- net	--	--	(.07)	--
Total dividends and distributions to Common Stock shareholders	(.39)	(.77)	(.89)	(.34)
Capital charge resulting from issuance of Common Stock	--	--	--	(.03)
Effect of Preferred Stock activity++:				
Dividends and distributions to Preferred Stock shareholders:				
Investment income -- net	(.12)	(.25)	(.20)	(.06)

</TABLE>

<TABLE>
<CAPTION>

FOR THE SIX MONTHS ENDED	FOR THE YEAR ENDED OCTOBER 31,	FOR THE PERIOD APRIL 30, 1993+

<S>	APRIL 30, 1996 <C>	1995 <C>	1994 <C>	TO OCTOBER 31, 1993 <C>
Realized gain on investments -- net.................. --	--	(.01)	--	
Capital charge resulting from issuance of Preferred Stock...	--	--	.01	(.13)
Total effect of Preferred Stock activity......................	(.12)	(.25)	(.20)	(.19)
Net asset value, end of period................................	$ 12.93	$ 13.39	$ 11.80	$ 15.01
Market price per share, end of period.........................	$ 12.50	$ 11.875	$ 10.50	$ 14.75
TOTAL INVESTMENT RETURN:**				
Based on market price per share...............................	8.59%#	20.89%	(23.56%)	.64%#
Based on net asset value per share............................	(.38%)#	21.30%	(15.58%)	8.34%#
RATIOS TO AVERAGE NET ASSETS:***				
Expenses, net of reimbursement................................	.81%*	.81%	.76%##	.41%*##
Expenses..	.81%*	.81%	.81%	.83%*
Investment income -- net......................................	4.96%*	5.33%	5.06%	4.82%*
SUPPLEMENTAL DATA:				
Net assets, net of Preferred Stock, end of period (in thousands)..	$ 77,069	$ 79,821	$ 70,351	$ 89,497
Preferred Stock outstanding, end of period (in thousands)......	$ 40,000	$ 40,000	$ 40,000	$ 40,000
Portfolio turnover..	40.93%	90.41%	81.53%	38.34%
LEVERAGE:				
Asset coverage per $1,000.....................................	$ 2,927	$ 2,996	$ 2,759	$ 3,237
DIVIDENDS PER SHARE ON PREFERRED STOCK OUTSTANDING+++:				
Investment income -- net......................................	$ 433	$ 933	$ 760	$ 239

</TABLE>

----

* Annualized.
** Total investment returns based on market value, which can be significantly greater or less than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales loads.
*** Do not reflect the effect of dividends to holders of Preferred Stock.
\+ Commencement of operations.
++ The Fund's Preferred Stock was issued on June 1, 1993.
+++ Dividends per share have been adjusted to reflect a two-for-one stock split that occurred on December 1, 1994.
\# Aggregate total investment return.
\## For the period April 30, 1993 (commencement of operations) to October 31, 1993, FAM earned fees of $302,300, of which $197,543 was voluntarily waived. In addition, FAM reimbursed the Fund $50,975 for additional expenses. For the year ended October 31, 1994, FAM earned fees of $598,833, of which $70,995 was voluntarily waived.

PER SHARE DATA FOR COMMON STOCK*
TRADED ON THE NEW YORK STOCK EXCHANGE

MuniYield California Insured II

<TABLE>
<CAPTION>

	MARKET PRICE**		NET ASSET VALUE		PREMIUM (DISCOUNT) TO NET ASSET VALUE	
QUARTER ENDED	HIGH	LOW	HIGH	LOW	HIGH	LOW
<S>	<C>	<C>	<C>	<C>	<C>	<C>
January 31, 1993.......................	$15.125	$14.50	$14.77	$14.15	5.55%	-1.83%
April 30, 1993.........................	15.75	14.625	15.94	14.76	2.58	-3.66
July 31, 1993..........................	15.375	14.75	15.80	15.26	-0.72	-5.32
October 31, 1993.......................	16.00	15.00	16.67	15.62	-2.13	-8.09
January 31, 1994.......................	15.375	14.375	16.38	15.78	-4.75	-10.22
April 30, 1994.........................	15.125	12.875	16.33	13.64	-3.46	-11.49

July 31, 1994..........................	13.625	13.00	14.89	13.95	-3.78	-9.34
October 31, 1994.......................	13.50	11.75	14.61	13.37	-6.40	-13.70
January 31, 1995.......................	12.375	10.625	13.81	12.22	-0.44	-15.94
April 30, 1995.........................	13.375	12.75	14.45	13.79	-5.29	-11.40
July 31, 1995..........................	13.50	12.625	15.16	14.01	-6.45	-13.09
October 31, 1995.......................	13.25	12.625	14.95	13.96	-7.54	-13.68
January 31, 1996.......................	14.125	13.00	15.73	14.99	-8.91	-15.50
April 30, 1996.........................	14.875	13.625	15.98	14.28	-1.98	-11.67
July 31, 1996..........................	14.00	13.50	14.75	14.26	-3.51	-8.29

</TABLE>

MuniVest California Insured

<TABLE>
<CAPTION>

	MARKET PRICE**		NET ASSET VALUE		PREMIUM (DISCOUNT) TO NET ASSET VALUE	
QUARTER ENDED	HIGH	LOW	HIGH	LOW	HIGH	LOW
<S>	<C>	<C>	<C>	<C>	<C>	<C>
July 31, 1993..........................	$15.125	$12.375	$14.56	$14.12	6.97%	-1.13%
October 31, 1993.......................	15.25	14.50	15.35	14.30	2.75	-4.72
January 31, 1994.......................	15.00	13.25	15.00	14.28	1.76	-10.95
April 30, 1994.........................	14.25	11.50	14.25	11.50	0.98	-10.58
July 31, 1994..........................	12.625	11.50	12.625	11.50	-1.98	-11.20
October 31, 1994.......................	11.875	10.375	11.875	10.375	-8.51	-16.33
January 31, 1995.......................	11.00	9.375	11.00	9.375	-2.88	-15.62
April 30, 1995.........................	11.625	11.125	11.625	11.125	-7.66	-13.22
July 31, 1995..........................	12.125	11.125	12.125	11.125	-7.52	-15.14
October 31, 1995.......................	12.00	11.50	12.00	11.50	-7.15	-12.51
January 31, 1996.......................	13.375	12.00	14.09	13.46	-4.33	-11.92
April 30, 1996.........................	12.75	11.75	14.29	12.75	-2.72	-11.65
July 31, 1996..........................	12.50	12.125	13.24	12.77	-3.77	-6.87

</TABLE>

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* Calculations are based upon shares of Common Stock outstanding at the end of each period.

** As reported in the consolidated transaction reporting system.

As indicated in the tables above, since November 1, 1993 the MuniYield California Insured II Common Stock and the MuniVest California Insured Common Stock generally have traded at prices that represent a discount to net asset value. Since November 1, 1993, share prices for MuniYield California Insured II Common Stock have traded at a maximum discount of (15.94%) and share prices for MuniVest California Insured Common Stock have fluctuated between a maximum premium of 1.76% and a maximum discount of (16.33%). Although there is no reason to believe that this pattern should be affected by the Reorganization, it is not possible to state whether shares of the surviving fund will trade at a premium or discount to net asset value following the Reorganization, or what the extent of any such premium or discount might be.

INVESTMENT OBJECTIVE AND POLICIES

The structure, organization and investment policies of MuniYield California Insured II and MuniVest California Insured are virtually identical, with the minor differences between the two Funds set forth below. Each Fund seeks as a fundamental investment objective as high a level of current income exempt from Federal and California income taxes as is consistent with the Fund's investment policies and prudent investment management.

The investment objective and policies of MuniYield California Insured II and MuniVest California Insured are identical. Each Fund seeks to achieve its investment objective by investing primarily in a portfolio of Municipal Bonds. The investment objective of each Fund is a fundamental policy that may not be changed without a vote of a majority of the Fund's outstanding voting securities. Under normal circumstances, at least 65% of each Fund's total assets will be invested in California Municipal Bonds with remaining maturities of one year or more which are covered by insurance guaranteeing the timely payment of principal at maturity and interest, and at least 80% of each Fund's total assets will be invested in California Municipal Bonds and Municipal Bonds with remaining maturities of one year or more which are covered by insurance guaranteeing the timely payment of principal at maturity and interest. At times, each Fund may seek to hedge its portfolio through the use of futures and options transactions to reduce volatility in the net asset value of its shares of Common Stock.

Ordinarily, neither Fund intends to realize significant investment income not exempt from Federal and California income taxes. Each Fund seeks to invest substantially all of its total assets in California Municipal Bonds except at times when, in the judgment of FAM, California Municipal Bonds of sufficient quality and quantity are unavailable for investment by the Fund. Each Fund may invest in certain tax-exempt securities classified as "private activity bonds" (in general, bonds that benefit non-governmental entities) that may subject certain investors in the Fund to an alternative minimum tax.

The investment grade California Municipal Bonds in which each Fund invests are those California Municipal Bonds rated at the date of purchase within the four highest rating categories of S&P, Moody's or Fitch Investors Service, Inc. ("Fitch") or, if unrated, are considered to be of comparable quality by FAM. In the case of long-term debt, the investment grade rating categories are AAA through BBB- for S&P, Aaa through Baa3 for Moody's and AAA through BBB- for Fitch. In the case of short-term notes, the investment grade rating categories are SP-1 through SP-3 for S&P, MIG-1 through MIG-4 for Moody's and F-1+ through F-4 for Fitch. In the case of tax-exempt commercial paper, the investment grade rating categories are A through A-3 for S&P, Prime-1 through Prime-3 for Moody's and F-l+ through F-4 for Fitch. Obligations ranked in the fourth highest rating category assigned long-term debt or in an equivalent short-term rating category (BBB, SP-3 and A-3 for S&P; Baa, MIG-4 and Prime-3 for Moody's; and BBB, F-3 and F-4 for

Fitch), while considered "investment grade," may have certain speculative characteristics. In assessing the quality of California Municipal Bonds with respect to the foregoing requirements, FAM takes into account the portfolio insurance as well as the nature of any letters of credit or similar credit enhancement to which particular California Municipal Bonds are entitled and the creditworthiness of the insurance company or other financial institution which provided such credit enhancement. See Exhibit III -- "Ratings of Municipal Bonds and Commercial Paper" and Exhibit IV -- "Portfolio Insurance".

In the case of California Municipal Bonds covered by insurance policies issued by insurers whose claims-paying ability is rated AAA by S&P or Aaa by Moody's, FAM may consider such California Municipal Bonds to be equivalent to AAA or Aaa rated securities, as the case may be, even though such California Municipal Bonds would generally be assigned a lower rating if the rating were based primarily upon the credit characteristics of the issuers without regard to the insurance feature. The insured California Municipal Bonds must also comply with the standards applied by the insurance carriers in determining eligibility for portfolio insurance.

MuniYield California Insured II and MuniVest California Insured may invest in variable rate demand obligations ("VRDOs") and VRDOs in the form of participation interests ("Participating VRDOs") in variable rate tax-exempt obligations held by a financial institution, typically a commercial bank. The VRDOs in which each Fund may invest are tax-exempt obligations (in the opinion of counsel to the issuer) which contain a floating or variable interest rate adjustment formula and an unconditional right of demand on the part of the holder thereof to receive payment of the unpaid principal balance plus accrued interest on a short notice period not to exceed seven days. Participating VRDOs provide the Funds with a specified undivided interest (up to 100%) of the underlying obligation and the right to demand payment of the unpaid principal balance plus accrued interest on the Participating VRDOs from the financial institution on a specified number of days' notice, not to exceed seven days. There is, however, the possibility that because of default or insolvency, the demand feature of VRDOs or Participating VRDOs may not be honored. MuniYield California Insured II and MuniVest California Insured have been advised by their counsel that the Fund should be entitled to treat the income received on Participating VRDOs as interest from tax-exempt obligations.

The average maturity of each Fund's portfolio securities varies based upon FAM's assessment of economic and market conditions. The net asset value of the shares of common stock of a closed-end investment company, such as each Fund, which invests primarily in fixed-income securities, changes as the general levels of interest rates fluctuate. When interest rates decline, the value of a fixed income portfolio can be expected to rise. Conversely, when interest rates rise, the value of a fixed-income portfolio can be expected to decline. Prices of longer-term securities generally fluctuate more in response to interest rate changes than do short-term or medium-term securities. These changes in net asset value are likely to be greater in the case of a fund having a leveraged capital structure, such as the Funds.

On a temporary basis, each Fund may invest in short-term tax-exempt securities, short-term U.S. Government securities, repurchase agreements or cash. Such securities or cash will not exceed 20% of each Fund's total assets except during interim periods pending investment of the net proceeds from public offerings of the Fund's securities and temporary defensive periods when, in the opinion of FAM, prevailing market or economic conditions warrant.

Each Fund is classified as non-diversified within the meaning of the Investment Company Act, which means that the Fund is not limited by such Act in the proportion of its total assets that it may invest in securities of a single issuer. However, each Fund's investments are limited so as to qualify the Fund for the special tax treatment afforded RICs under the Code. See "The Reorganization -- Tax Consequences of the Reorganization". To qualify, among other requirements, each Fund limits its investments so that, at the close of each quarter of the taxable year, (i) not more than 25% of the market value of the Fund's total assets are invested in the securities (other than U.S. Government securities) of a single issuer, and (ii) with respect to 50% of the market value of its total assets, not more than 5% of the market value of its total assets are invested in the securities (other than U.S. Government securities) of a single issuer. A fund which elects to be classified as "diversified" under the Investment Company Act must satisfy the foregoing 5% requirement with respect to 75% of its total assets. To the extent that MuniYield California Insured II or MuniVest California Insured assumes large positions in the securities of a small number of issuers, the Fund's yield may fluctuate to a greater extent than that of a diversified company as a result of changes in the financial condition or in the market's assessment of the issuers.

PORTFOLIO INSURANCE

Under normal circumstances, at least 80% of each Fund's assets will be invested in Municipal Bonds either (i) insured under an insurance policy purchased by the Fund or (ii) insured under an insurance policy obtained by the issuer thereof or any other party. The insurance policies in either instance will be issued by insurance carriers that have total admitted assets (unaudited) of at least $75,000,000 and insurance claims-paying ability ratings of AAA from S&P and Aaa from Moody's. See Exhibit II to this Proxy Statement and Prospectus for a brief description of S&P's and Moody's insurance claims-paying ability ratings. Currently, a majority of the insured Municipal Bonds in each Fund's portfolio are insured by the following insurance companies which satisfy the foregoing requirements: AMBAC Indemnity Corporation, Financial Security Assurance/Capital Guaranty Insurance Company, Financial Guaranty Insurance Company and Municipal Bond Investors Assurance Corporation. Each Fund also may purchase Municipal Bonds covered by insurance issued by any other insurance company which satisfies the foregoing requirements. A majority of insured Municipal Bonds held by each Fund will be insured under policies obtained by parties other than the Fund.

Each Fund may purchase, but has no obligation to purchase, separate mutual fund insurance policies (the "Policies") from insurance companies meeting the requirements set forth above which guarantee payment of principal and interest on specified eligible California Municipal Bonds purchased by the Fund. A California Municipal Bond will be eligible for coverage if it meets certain requirements of the insurance company set forth in a Policy. In the event interest or principal on an insured California Municipal Bond is not paid when due, the insurer will be obligated under its Policy to make such payment not later than 30 days after it has been notified by, and provided with documentation from, the Fund that such nonpayment has occurred.

The Policies will be effective only as to insured California Municipal Bonds beneficially owned by a Fund. In the event of a sale of any California Municipal Bonds held by a Fund, the issuer of the relevant Policy will be liable only for those payments of interest and principal which are then due and owing. The Policies will not guarantee the market value of the insured California Municipal Bonds or the value of the shares of the Fund.

The insurer will not have the right to withdraw coverage on securities insured by its Policies and held by a Fund so long as such securities remain in the Fund's portfolio. In addition, the insurer may not cancel its Policies for any reason except failure to pay premiums when due. The Board of Directors of each Fund

reserves the right to terminate any of the Policies if it determines that the benefits to the Fund of having its portfolio insured under such Policy are not justified by the expense involved.

The premiums for the Policies are paid by a Fund and the yield on the Fund's portfolio is reduced thereby. FAM estimates that the cost of the annual premiums for the Policies of each Fund currently range from approximately .20 of 1% to .25 of 1% of the principal amount of the California Municipal Bonds covered by such Policies. The estimate is based on the expected composition of each Fund's portfolio of California Municipal Bonds. Additional information regarding the Policies is set forth in Exhibit IV to this Proxy Statement and Prospectus. In instances in which the Fund purchases California Municipal Bonds insured under policies obtained by parties other than the Fund, the Fund does not pay the premiums for such policies; rather, the cost of such policies may be reflected in the purchase price of the California Municipal Bonds.

It is the intention of FAM to retain any insured securities which are in default or in significant risk of default and to place a value on the insurance which ordinarily will be the difference between the market value of the defaulted security and the market value of similar securities which are not in default. In certain circumstances, however, FAM may determine that an alternative value for the insurance, such as the difference between the market value of the defaulted security and its par value, is more appropriate. FAM will be unable to manage the portfolio of a Fund to the extent it holds defaulted securities, which may limit its ability in certain circumstances to purchase other California Municipal Bonds. See "Net Asset Value" below for a more complete description of each Fund's method of valuing defaulted securities and securities which have a significant risk of default.

There can be no assurance that insurance of the kind described above will continue to be available to each Fund. In the event the Board of Directors of a Fund determines that such insurance is unavailable or that the cost of such insurance outweighs the benefits to the Fund, the Fund may discontinue its policy of maintaining insurance for all or any of the California Municipal Bonds held in the Fund's portfolio. Although FAM periodically reviews the financial condition of each insurer, there can be no assurance that the insurers will be able to honor their obligations under all circumstances.

The portfolio insurance reduces financial or credit risk (i.e., the possibility that the owners of the insured California Municipal Bonds will not receive timely scheduled payments of principal or interest). However, the insured California Municipal Bonds are subject to market risk (i.e., fluctuations in market value as a result of changes in prevailing interest rates).

DESCRIPTION OF CALIFORNIA MUNICIPAL BONDS

California Municipal Bonds include debt obligations issued to obtain funds for various public purposes, including construction of a wide range of public facilities, refunding of outstanding obligations and obtaining funds for general operating expenses and loans to other public institutions and facilities. In addition, certain types of industrial development bonds are issued by or on behalf of public authorities to finance various privately operated facilities, including pollution control facilities. For purposes of this Proxy Statement and Prospectus, such obligations are California Municipal Bonds if the interest paid thereon is exempt from Federal and California income tax, even though such bonds may be "private activity bonds" as discussed below.

The two principal classifications of California Municipal Bonds are "general obligation" bonds and "revenue" or "special obligation" bonds. General obligation bonds are secured by the issuer's pledge of faith,

credit and taxing power for the payment of principal and interest. Revenue or special obligation bonds are payable only from the revenues derived from a particular facility or class of facilities or, in some cases, from the proceeds from a special excise tax or other specific revenue source such as from the user of the facility being financed. Industrial development bonds are in most cases revenue bonds and generally do not constitute the pledge of the credit or taxing power of the issuer of such bonds. The payment of the principal and interest on such industrial development bonds depends solely on the ability of the user of the facility financed by the bonds to meet its financial obligations and the pledge, if any, of real and personal property so financed as security for such payment. California Municipal Bonds also may include "moral obligation" bonds which normally are issued by special purpose public authorities. If an issuer of moral obligation bonds is unable to meet its obligations, the repayment of such bonds becomes a moral commitment but not a legal obligation of the state or municipality in question.

Each Fund may purchase California Municipal Bonds classified as "private activity bonds" (in general, bonds that benefit non-governmental entities). Interest received on certain tax-exempt securities which are classified as "private activity bonds" may subject certain investors in the Fund to an alternative minimum tax. There is no limitation on the percentage of each Fund's assets that may be invested in California Municipal Bonds which may subject certain investors to an alternative minimum tax. See "The Reorganization -- Summary -- Tax Considerations" and "The Reorganization -- Agreement and Plan of Reorganization -- Tax Consequences of the Reorganization".

Federal tax legislation has limited the types and volume of bonds the interest on which qualifies for a Federal income tax exemption. As a result, this legislation and legislation which may be enacted in the future may affect the availability of Municipal Bonds for investment by the Funds.

OTHER INVESTMENT POLICIES

Both MuniYield California Insured II and MuniVest California Insured have adopted certain other policies as set forth below:

Borrowings. Each Fund is authorized to borrow amounts of up to 5% of the value of its total assets at the time of such borrowings; provided, however, that each Fund is authorized to borrow money in excess of 5% of the value of its total assets for the purpose of repurchasing its Common Stock or redeeming its AMPS. Borrowings by each Fund create an opportunity for greater total return but, at the same time, increase exposure to capital risk. In addition, borrowed funds are subject to interest costs that may offset or exceed the return earned on the borrowed funds. For so long as shares of a Fund's AMPS are rated by Moody's or S&P, unless it receives written confirmation from Moody's or S&P, as the case may be, that such action would not impair the ratings then assigned to the shares of AMPS by Moody's or S&P, the issuing Fund will not borrow money except for the purpose of clearing portfolio securities transactions (which borrowings under any circumstances shall be limited to the lesser of $10 million and an amount equal to 5% of the market value of the Fund's assets at the time of such borrowings and further in the case of MuniVest California Insured, which borrowings shall be repaid within 60 days and not be extended or renewed).

When-Issued Securities and Delayed Delivery Transactions. MuniYield California Insured II and MuniVest California Insured may purchase or sell Municipal Bonds on a delayed delivery basis or on a when-issued basis at fixed purchase or sale terms. These transactions arise when securities are purchased or sold by a Fund with payment and delivery taking place in the future. The purchase will be recorded on the date that the

Fund enters into the commitment, and the value of the obligation thereafter will be reflected in the calculation of the Fund's net asset value. The value of the obligation on the delivery day may be more or less than its purchase price. A separate account of the Fund will be established with its custodian consisting of cash, cash equivalents or liquid Municipal Bonds having a market value at all times at least equal to the amount of the commitment.

Indexed and Inverse Floating Obligations. MuniYield California Insured II and MuniVest California Insured may invest in Municipal Bonds the return on which is based on a particular index of value or interest rates. For example, each Fund may invest in Municipal Bonds that pay interest based on an index of Municipal Bond interest rates or based on the value of gold or some other product. The principal amount payable upon maturity of certain Municipal Bonds also may be based on the value of an index. To the extent a Fund invests in these types of Municipal Bonds, the Fund's return on such Municipal Bonds will be subject to risk with respect to the value of the particular index. Also, a Fund may invest in so-called "inverse floating rate bonds" or "residual interest bonds" on which the interest rates typically vary inversely with a short-term floating rate (which may be reset periodically by a dutch auction, by a remarketing agent, or by reference to a short-term tax-exempt interest rate index). Each Fund may purchase original issue inverse floating rate bonds in both the primary and secondary markets and also may purchase in the secondary market synthetically-created inverse floating rate bonds evidenced by custodial or trust receipts. Generally, interest rates on inverse floating rate bonds will decrease when short-term rates increase, and will increase when short-term rates decrease. Such securities have the effect of providing a degree of investment leverage, since they may increase or decrease in value in response to changes, as an illustration, in market interest rates at a rate which is a multiple (typically two) of the rate at which fixed-rate, long-term, tax-exempt securities increase or decrease in response to such changes. As a result, the market values of such securities generally will be more volatile than the market values of fixed-rate tax-exempt securities. To seek to limit the volatility of these securities, a Fund may purchase inverse floating rate bonds with shorter-term maturities or which contain limitations on the extent to which the interest rate may vary. FAM believes that indexed and inverse floating obligations represent a flexible portfolio management instrument for the Funds which allows FAM to vary the degree of investment leverage relatively efficiently under different market conditions.

Call Rights. MuniYield California Insured II and MuniVest California Insured may purchase a Municipal Bond issuer's right to call all or a portion of such Municipal Bond for mandatory tender for purchase (a "Call Right"). A holder of a Call Right may exercise such right to require a mandatory tender for the purchase of the related Municipal Bonds, subject to certain conditions. A Call Right that is not exercised prior to the maturity of the related Municipal Bond will expire without value. The economic effect of holding both the Call Right and the related Municipal Bond is identical to holding a Municipal Bond as a non-callable security.

INFORMATION REGARDING OPTIONS AND FUTURES TRANSACTIONS

Each Fund may hedge all or a portion of its portfolio investments against fluctuations in interest rates through the use of options and certain financial futures contracts ("financial futures contracts") and options thereon. While each Fund's use of hedging strategies is intended to reduce the volatility of the net asset value of its Common Stock, the net asset value of its Common Stock fluctuates. There can be no assurance that a Fund's hedging transactions will be effective. In addition, because of the leveraged nature of each Fund's Common Stock, hedging transactions will result in a larger impact on the net asset value of the Common

Stock than would be the case if the Common Stock were not leveraged. For so long as a Fund's AMPS are rated by Moody's or S&P, as the case may be, the Fund's use of options and financial futures contracts and options thereon will be subject to certain limitations mandated by the rating agencies. Furthermore, a Fund only will engage in hedging activities from time to time and may not necessarily be engaging in hedging activities when movements in interest rates occur.

Certain Federal income tax requirements may limit a Fund's ability to engage in hedging transactions. Gains from transactions in financial futures contracts or options thereon distributed to stockholders are taxable as ordinary income or, in certain circumstances, as long-term capital gains to stockholders.

The following is a description of the transactions involving options and financial futures contracts and options thereon in which each Fund may engage, limitations on the use of such transactions and risks associated therewith. The investment policies with respect to the hedging transactions of a Fund are not fundamental policies and may be modified by the Board of Directors of the Fund without the approval of the Fund's stockholders.

Writing Covered Call Options. Each Fund is authorized to write (i.e., sell) covered call options with respect to California Municipal Bonds it owns, thereby giving the holder of the option the right to buy the underlying security covered by the option from the Fund at the stated exercise price until the option expires. Each Fund writes only covered call options, which means that so long as the Fund is obligated as the writer of a call option, it will own the underlying securities subject to the option. The Fund may not write covered call options on underlying securities in an amount exceeding 15% of the market value of its total assets. Each Fund receives a premium from writing a call option, which increases the Fund's return on the underlying security in the event the option expires unexercised or is closed out at a profit. By writing a call, a Fund limits its opportunity to profit from an increase in the market value of the underlying security above the exercise price of the option for as long as the Fund's obligation as a writer continues. Covered call options serve as a partial hedge against a decline in the price of the underlying security. Each Fund may engage in closing transactions in order to terminate outstanding options that it has written.

Purchase of Options. Each Fund is authorized to purchase put options in connection with its hedging activities. By buying a put, the Fund has a right to sell the underlying security at the exercise price, thus limiting the Fund's risk of loss through a decline in the market value of the security until the put expires. The amount of any appreciation in the value of the underlying security will be partially offset by the amount of the premium terminated by entering into the closing sale transaction. In certain circumstances, the Fund may purchase call options on securities held in its portfolio on which it has written call options, or on securities which it intends to purchase. A Fund will not purchase options on securities if, as a result of such purchase, the aggregate cost of all outstanding options on securities held by the Fund would exceed 5% of the market value of the Fund's total assets.

Financial Futures Contracts and Options Thereon. Each Fund is authorized to purchase and sell certain financial futures contracts and options thereon solely for the purposes of hedging its investments in California Municipal Bonds against declines in value and hedging against increases in the cost of securities it intends to purchase. A financial futures contract obligates the seller of a contract to deliver and the purchaser of a contract to take delivery of the type of financial instrument covered by the contract or, in the case of index-based financial futures contracts, to make and accept a cash settlement, at a specific future time for a specified price. A sale of financial futures contracts or options thereon may provide a hedge against a decline in the

value of portfolio securities because such depreciation may be offset, in whole or in part, by an increase in the value of the position in the financial futures contracts or options. A purchase of financial futures contracts or options thereon may provide a hedge against an increase in the cost of securities intended to be purchased, because such appreciation may be offset, in whole or in part, by an increase in the value of the position in the financial futures contracts or options.

The purchase or sale of a financial futures contract or option thereon differs from the purchase or sale of a security in that no price or premium is paid or received. Instead, an amount of cash or securities acceptable to the broker equal to approximately 5% of the contract amount must be deposited with the broker. This amount is known as initial margin. Subsequent payments to and from the broker, called variation margin, are made on a daily basis as the price of the financial futures contract or option thereon fluctuates making the long and short positions in the financial futures contract or option thereon more or less valuable.

Each Fund may purchase and sell financial futures contracts based on The Bond Buyer Municipal Bond Index, a price-weighted measure of the market value of 40 large tax-exempt issues, and purchase and sell put and call options on such financial futures contracts for the purpose of hedging California Municipal Bonds which the Fund holds or anticipates purchasing against adverse changes in interest rates.

Each Fund also may purchase and sell financial futures contracts on U.S. Government securities and purchase and sell put and call options on such financial futures contracts for such hedging purposes. With respect to U.S. Government securities, currently there are financial futures contracts based on long-term U.S. Treasury bonds, U.S. Treasury notes, GNMA Certificates and three-month U.S. Treasury bills.

Subject to policies adopted by its Board of Directors, each Fund also may engage in transactions in other financial futures contracts or options thereon, such as financial futures contracts or options on other municipal bond indices which may become available, if FAM should determine that there normally is sufficient correlation between the prices of such financial futures contracts or options thereon and the California Municipal Bonds in which the Fund invests to make such hedging appropriate.

Over-The-Counter Options. Each Fund is authorized to engage in transactions involving financial futures contracts or options thereon on exchanges and in the over-the-counter markets ("OTC options"). In general, exchange-traded contracts are third-party contracts (i.e., performance of the parties' obligations is guaranteed by an exchange or clearing corporation) with standardized strike prices and expiration dates. OTC options transactions are two-party contracts with price and terms negotiated by the buyer and seller.

Restrictions on OTC Options. Each Fund is authorized to engage in transactions in OTC options only with member banks of the Federal Reserve System and primary dealers in U.S. Government securities or with affiliates of such banks or dealers which have capital of at least $50 million or whose obligations are guaranteed by an entity having capital of at least $50 million. OTC options and assets used to cover OTC options written by the Funds are considered by the staff of the Commission to be illiquid. The illiquidity of such options or assets may prevent a successful sale of such options or assets, result in a delay of sale, or reduce the amount of proceeds that otherwise might be realized.

Risk Factors in Financial Futures Contracts and Options Thereon. Utilization of financial futures contracts and options thereon involves the risk of imperfect correlation in movements in the price of financial futures contracts and options thereon and movements in the price of the security which is the subject of the hedge. If the price of the financial futures contract or option thereon moves more or less than the price of the

security that is the subject of the hedge, a Fund will experience a gain or loss which will not be completely offset by movements in the price of such security. There is a risk of imperfect correlation where the securities underlying financial futures contracts or options thereon have different maturities, ratings, geographic compositions or other characteristics than the security being hedged. In addition, the correlation may be affected by additions to or deletions from the index which serves as a basis for a financial futures contract or option thereon. Finally, in the case of financial futures contracts on U.S. Government securities and options on such financial futures contracts, the anticipated correlation of price movements between the U.S. Government securities underlying the financial futures contracts or options and Municipal Bonds may be adversely affected by economic, political, legislative or other developments which have a disparate impact on the respective markets for such securities.

Under regulations of the Commodity Futures Trading Commission, the futures trading activities described herein will not result in a Fund's being deemed a "commodity pool", as defined under such regulations, provided that the Fund adheres to certain restrictions. In particular, the Fund may purchase and sell futures contracts and options thereon (i) for bona fide hedging purposes, and (ii) for non-hedging purposes, if the aggregate initial margin and premiums required to establish positions in such contracts and options does not exceed 5% of the liquidation value of the Fund's portfolio, after taking into account unrealized profits and unrealized losses on any such contracts and options. Margin deposits may consist of cash or securities acceptable to the broker and the relevant contract market.

When a Fund purchases a financial futures contract, or writes a put option or purchases a call option thereon, it will maintain an amount of cash, cash equivalents (e.g., commercial paper and daily tender adjustable notes) or short-term, high-grade, fixed-income securities in a segregated account with the Fund's custodian, so that the amount so segregated plus the amount of initial and variation margin held in the account of its broker equals the market value of the financial futures contract, thereby ensuring that the use of such financial futures contract is unleveraged.

Although certain risks are involved in financial futures contracts and options thereon, FAM believes that, because each Fund will engage in transactions involving financial futures contracts and options thereon only for hedging purposes, the options and futures portfolio strategies of a Fund will not subject the Fund to certain risks frequently associated with speculation in financial futures contracts and options thereon. A Fund may be restricted in engaging in transactions involving financial futures contracts and options thereon due to the requirement that less than 30% of its gross income in each taxable year be derived from the sale or other disposition of securities held for less than three months.

The volume of trading in the exchange markets with respect to Municipal Bond options may be limited, and it is impossible to predict the amount of trading interest that may exist in such options. In addition, there can be no assurance that viable exchange markets will continue.

Each Fund intends to enter into financial futures contracts and options thereon, on an exchange or in the over-the-counter market, only if there appears to be a liquid secondary market for such financial futures contracts or options. There can be no assurance, however, that a liquid secondary market will exist at any specific time. Thus, it may not be possible to close a financial futures contract position or the related option. The inability to close financial futures contract positions or the related options also could have an adverse impact on a Fund's ability to hedge effectively its portfolio. There is also the risk of loss by a Fund of margin

deposits or collateral in the event of bankruptcy of a broker with which the Fund has an open position in a financial futures contract or the related option.

The liquidity of a secondary market in a financial futures contract or option thereon may be adversely affected by "daily price fluctuation limits" established by commodity exchanges which limit the amount of fluctuation in a financial futures contract or option price during a single trading day. Once the daily limit has been reached in the financial futures contract or option, no trades may be entered into at a price beyond the limit, thus preventing the liquidation of open financial futures contract positions or the related options. Prices in the past have reached or exceeded the daily limit on a number of consecutive trading days.

If it is not possible to close a financial futures contract position or the related option entered into by a Fund, the Fund would continue to be required to make daily cash payments of variation margin in the event of adverse price movements. In such a situation, if the Fund has insufficient cash, it may have to sell portfolio securities to meet daily variation margin requirements at a time when it may be disadvantageous to do so.

The successful use of these transactions also depends on the ability of FAM to forecast correctly the direction and extent of interest rate movements within a given time frame. To the extent interest rates remain stable during the period in which a financial futures contract or option thereon is held by a Fund or moves in a direction opposite to that anticipated, the Fund may realize a loss on the hedging transaction which is not fully or partially offset by an increase in the value of portfolio securities. As a result, the Fund's total return for such period may be less than if it had not engaged in the hedging transaction.

INVESTMENT RESTRICTIONS

MuniYield California Insured II and MuniVest California Insured have identical investment restrictions. The following are fundamental investment restrictions of each Fund and may not be changed without the approval of the holders of a majority of the outstanding shares of Common Stock and the outstanding shares of AMPS and any other preferred stock, voting together as a single class, and a majority of the outstanding shares of AMPS and any other preferred stock, voting separately as a class. (For this purpose and under the Investment Company Act, "majority" means for each such class the lesser of (i) 67% of the shares of each class of capital stock represented at a meeting at which more than 50% of the outstanding shares of each class of capital stock are represented or (ii) more than 50% of the outstanding shares of each class of capital stock.) Neither Fund may:

1. Make investments for the purpose of exercising control or management.

2. Purchase securities of other investment companies, except in connection with a merger, consolidation, acquisition or reorganization, or by purchase in the open market of securities of closed-end investment companies and only if immediately thereafter not more than 10% of the Fund's total assets would be invested in such securities.

3. Purchase or sell real estate, real estate limited partnerships, commodities or commodity contracts; provided, however, that the Funds may invest in securities secured by real estate or interests therein or issued by companies that invest in real estate or interests therein, and the Funds may purchase and sell financial futures contracts and options thereon.

4. Issue senior securities other than preferred stock or borrow amounts in excess of 5% of its total assets taken at market value; provided, however, that the Funds are authorized to borrow money in excess

of 5% of the value of its total assets for the purpose of repurchasing shares of common stock or redeeming shares of preferred stock.

5. Underwrite securities of other issuers except insofar as the Fund may be deemed an underwriter under the Securities Act of 1933 in selling portfolio securities.

6. Make loans to other persons, except that the Funds may purchase Municipal Bonds and other debt securities in accordance with its investment objective, policies and limitations.

7. Purchase any securities on margin, except that (subject to investment restriction (4) above) the Funds may obtain such short-term credit as may be necessary for the clearance of purchases and sales of portfolio securities (the deposit or payment by the Fund of initial or variation margin in connection with financial futures contracts and options thereon is not considered the purchase of a security on margin).

8. Make short sales of securities or maintain a short position or invest in put, call, straddle or spread options, except that the Fund may write, purchase and sell options and futures on Municipal Bonds, U.S. Government obligations and related indices or otherwise in connection with bona fide hedging activities.

9. Invest more than 25% of its total assets (taken at market value at the time of each investment) in securities of issuers in a single industry; provided, however, that for purposes of this restriction, states, municipalities and their political subdivisions are not considered to be part of any industry.

An additional investment restriction adopted by each Fund, which may be changed by the Board of Directors, provides that the Fund may not mortgage, pledge, hypothecate or in any manner transfer, as security for indebtedness, any securities owned or held by the Fund except as may be necessary in connection with borrowings mentioned in investment restriction (4) above or except as may be necessary in connection with transactions in financial futures contracts and options thereon.

If a percentage restriction on investment policies or the investment or use of assets set forth above is adhered to at the time a transaction is effected, later changes in percentage resulting from changing values will not be considered a violation.

RATING AGENCY GUIDELINES

Each Fund intends that, so long as shares of its AMPS are outstanding, the composition of its portfolio will reflect guidelines established by Moody's and S&P in connection with the Fund's receipt of a rating for such shares on their date of original issue of "aaa" from Moody's and AAA from S&P. Moody's and S&P, nationally recognized statistical rating organizations, issue ratings for various securities reflecting the perceived creditworthiness of such securities. The guidelines for rating AMPS have been developed by Moody's and S&P in connection with issuances of asset-backed and similar securities, including debt obligations and variable rate preferred stocks, generally on a case-by-case basis through discussions with the issuers of these securities. The guidelines are designed to ensure that assets underlying outstanding debt or preferred stock will be varied sufficiently and will be of sufficient quality and amount to justify investment-grade ratings. The guidelines do not have the force of law but have been adopted by each Fund in order to satisfy current requirements necessary for Moody's and S&P to issue the above-described ratings for shares of AMPS, which ratings generally are relied upon by institutional investors in purchasing such securities. The guidelines provide a set of tests for portfolio composition and asset coverage that supplement (and in some cases are more restrictive than) the applicable requirements under the Investment Company Act.

Each Fund may, but is not required to, adopt any modifications to these guidelines that hereafter may be established by Moody's or S&P. Failure to adopt any such modifications, however, may result in a change in the ratings described above or a withdrawal of the ratings altogether. In addition, any rating agency providing a rating for the shares of AMPS, at any time, may change or withdraw any such rating. As set forth in the Articles Supplementary of each Fund, the Board of Directors, without stockholder approval, may modify certain definitions or restrictions which have been adopted by the Fund pursuant to the rating agency guidelines, provided the Board of Directors has obtained written confirmation from Moody's and S&P that any such change would not impair the ratings then assigned by Moody's and S&P to the AMPS. See "The Reorganization -- Risk Factors and Special Considerations -- Ratings Considerations".

For so long as any shares of a Fund's AMPS are rated by Moody's or S&P, as the case may be, the Fund's use of options and financial futures contracts and options thereon will be subject to certain limitations mandated by the rating agencies.

PORTFOLIO COMPOSITION

Although the investment portfolios of both Funds must satisfy the same standards of credit quality, the actual securities owned by each Fund are different, as a result of which there are certain differences in the composition of the two investment portfolios. Of the California Municipal Bonds owned by MuniYield California Insured II as of July 31, 1996, 90.2% are rated in the highest grade by Moody's or S&P, 96.9% are rated in the highest two grades, 99.4% are rated in the highest three grades, 100% are rated in the highest four grades, and none are unrated. The comparable percentages for MuniVest California Insured are 85.8% in the highest grade, 93.2% in the highest two grades, 100% in the highest three grades, 100% in the highest four grades and none unrated.

There are small differences in concentration among the categories of issuers of the California Municipal Bonds held in the portfolios of the Funds. For MuniYield California Insured II, as of July 31, 1996, the highest concentration of Municipal Bonds was in the other revenue bonds category, the water & sewer utilities industry and the transportation industry, accounting for 22%, 12%, and 11% of the Fund's portfolio, respectively, whereas for MuniVest California Insured, the highest concentration was in the other revenue bonds category, lease obligations and the industrial revenue pollution control industry, accounting for 21%, 14% and 13% of the Fund's portfolio, respectively.

MuniYield California Insured II

As of July 31, 1996, approximately 92% of the market value of MuniYield California Insured II's portfolio was invested in long-term municipal obligations and approximately 11% of the market value of MuniYield California Insured II's portfolio was invested in short-term municipal obligations. The following

table sets forth certain information with respect to the composition of MuniYield California Insured II's long-term municipal obligation investment portfolio as of July 31, 1996.

<TABLE>
<CAPTION>

S&P*	MOODY'S*	NUMBER OF ISSUES	VALUE (IN THOUSANDS)	PERCENT
AAA	Aaa	60	$229,575	90.2%
AA	Aa	5	17,095	6.7
A	A	3	6,374	2.5
BBB	Baa	1	1,361	0.6
		69	$254,405	100.0%

</TABLE>

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* Ratings: Using the higher of S&P's or Moody's rating on the Fund's municipal

obligations. S&P's rating categories may be modified further by a plus (+) or minus (-) in AA, A, BBB, BB, B and C ratings. Moody's rating categories may be modified further by a 1, 2 or 3 in Aa, A, Baa, Ba and B ratings. See Exhibit III -- "Ratings of Municipal Bonds and Commercial Paper".

MuniVest California Insured

As of July 31, 1996, approximately 92.7% of the market value of MuniVest California Insured's portfolio was invested in long-term municipal obligations and approximately 11.7% of the market value of MuniVest California Insured's portfolio was invested in short-term municipal obligations. The following table sets forth certain information with respect to the composition of MuniVest California Insured's long-term municipal obligation investment portfolio as of July 31, 1996.

<TABLE>
<CAPTION>

S&P*	MOODY'S*	NUMBER OF ISSUES	VALUE (IN THOUSANDS)	PERCENT
<S>	<C>	<C>	<C>	<C>
AAA	Aaa	37	$ 94,591	85.8%
AA	Aa	4	8,185	7.4
A	A	3	7,490	6.8
		44	$110,266	100.0%

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* Ratings: Using the higher of S&P's or Moody's rating on the Fund's municipal obligations. S&P's rating categories may be modified further by a plus (+) or minus (-) in AA, A, BBB, BB, B and C ratings. Moody's rating categories may be modified further by a 1, 2 or 3 in Aa, A, Baa, Ba and B ratings. See Exhibit III -- "Ratings of Municipal Bonds and Commercial Paper".

PORTFOLIO TRANSACTIONS

The procedures for engaging in portfolio transactions are the same for both MuniYield California Insured II and MuniVest California Insured. Subject to policies established by the Board of Directors of each Fund, FAM is primarily responsible for the execution of each Fund's portfolio transactions. In executing such transactions, FAM seeks to obtain the best results for each Fund, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution and operational facilities of the firm involved and the firm's risk in positioning a block of securities. While FAM

generally seeks reasonably competitive commission rates, MuniYield California Insured II and MuniVest California Insured do not necessarily pay the lowest commission or spread available.

Neither Fund has any obligation to deal with any broker or dealer in the execution of transactions in portfolio securities. Subject to obtaining the best price and execution, securities firms which provide supplemental investment research to FAM, including Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), may receive orders for transactions by a Fund. Information so received will be in addition to, and not in lieu of, the services required to be performed by FAM under its investment advisory agreements with the Funds, and the expenses of FAM will not necessarily be reduced as a result of the receipt of such supplemental information.

The securities in which each Fund primarily invests are traded in the over-the-counter markets, and each Fund normally deals directly with the dealers who make markets in the securities involved, except in those circumstances where better prices and execution are available elsewhere. Under the Investment Company Act, except as permitted by exemptive order, persons affiliated with a Fund are prohibited from dealing with the Fund as principals in the purchase and sale of securities. Since transactions in the over-the-counter markets usually involve transactions with dealers acting as principals for their own account, a Fund will not deal with affiliated persons, including Merrill Lynch and its affiliates, in connection with such transactions, except that pursuant to an exemptive order obtained by FAM, a Fund may engage in principal transactions with Merrill Lynch in high quality, short-term, tax-exempt securities. An affiliated person of a Fund may serve as its broker in over-the-counter transactions conducted on an agency basis.

MuniYield California Insured II and MuniVest California Insured also may make loans to tax-exempt borrowers in individually negotiated transactions with the borrower. Because an active trading market may not exist for such securities, the prices that the Funds may pay for these securities or receive on their resale may be lower than that for similar securities with a more liquid market.

The Board of Directors of each Fund has considered the possibility of recapturing for the benefit of that Fund brokerage commissions, dealer spreads and other expenses of possible portfolio transactions, such as underwriting commissions, by conducting portfolio transactions through affiliated entities, including Merrill Lynch. For example, brokerage commissions received by Merrill Lynch could be offset against the investment advisory fees paid by the Fund to FAM. After considering all factors deemed relevant, the Directors made a determination not to seek such recapture. The Directors will reconsider this matter from time to time.

Periodic auctions are conducted for the MuniYield California Insured II AMPS and the MuniVest California Insured AMPS by the Auction Agent for the Funds. The auctions require the participation of one or more broker-dealers, each of whom enters into an agreement with the Auction Agent. After each auction, the Auction Agent pays a service charge, from funds provided by the issuing Fund, to each broker-dealer at the annual rate of 1/4 of 1%, calculated on the basis of the purchase price of shares of the relevant AMPS placed by such broker-dealer at such auction.

PORTFOLIO TURNOVER

Generally, neither MuniYield California Insured II nor MuniVest California Insured purchases securities for short-term trading profits. However, either Fund may dispose of securities without regard to the time that they have been held when such action, for defensive or other reasons, appears advisable to FAM. Although each Fund anticipates that its annual portfolio turnover rate should not exceed 100%, the turnover rate may

vary greatly from year to year or during periods within a year. (The portfolio turnover rate is calculated by dividing the lesser of purchases or sales of portfolio securities for the particular fiscal year by the monthly average of the value of the portfolio securities owned by a Fund during the particular fiscal year. For purposes of determining this rate, all securities whose maturities at the time of acquisition are one year or less are excluded.) The portfolio turnover rate for each of the years ended October 31, 1995 and 1994 was 114.78% and 41.67% respectively, for MuniYield California Insured II and 90.41% and 81.53% for MuniVest California Insured.

NET ASSET VALUE

The net asset value per share of Common Stock of each Fund is determined as of 15 minutes after the close of business on the NYSE (generally, 4:00 P.M., New York time) on each day during which the NYSE is open for trading. For purposes of determining the net asset value of a share of Common Stock of each Fund, the value of the securities held by the Fund plus any cash or other assets (including interest accrued but not yet received) minus all liabilities (including accrued expenses) and the aggregate liquidation value of the outstanding shares of AMPS of the Fund is divided by the total number of shares of Common Stock of the Fund outstanding at such time. Expenses, including the fees payable to FAM, are accrued daily.

The Municipal Bonds in which each Fund invests are traded primarily in the over-the-counter markets. In determining net asset value, each Fund utilizes the valuations of portfolio securities furnished by a pricing service approved by the Board of Directors. The pricing service typically values portfolio securities at the bid price or the yield equivalent when quotations are readily available. Municipal Bonds for which quotations are not readily available are valued at fair market value on a consistent basis as determined by the pricing service using a matrix system to determine valuations. The procedures of the pricing service and its valuations are reviewed by the officers of each Fund under the general supervision of the Board of Directors of the Fund. The Board of Directors of each Fund has determined in good faith that the use of a pricing service is a fair method of determining the valuation of portfolio securities. Obligations with remaining maturities of 60 days or less are valued at amortized cost, unless this method no longer produces fair valuations. Positions in futures contracts are valued at closing prices for such contracts established by the exchange on which they are traded, or if market quotations are not readily available, are valued at fair value on a consistent basis using methods determined in good faith by the Board of Directors of each Fund.

CAPITAL STOCK

MuniYield California Insured II and MuniVest California Insured each has outstanding both Common Stock and AMPS. MuniYield California Insured II Common Stock and MuniVest California Insured Common Stock both are traded on the NYSE. The shares of MuniYield California Insured II Common Stock commenced trading on the NYSE on October 30, 1992. As of July 31, 1996, the net asset value per share of the MuniYield California Insured II Common Stock was $14.75 and the market price per share was $13.50. The shares of MuniVest California Insured Common Stock commenced trading on the NYSE on April 30, 1993. As of July 31, 1996, the net asset value per share of the MuniVest California Insured Common Stock was $13.24 and the market price per share was $12.375.

Each Fund is authorized to issue 200,000,000 shares of capital stock, all of which shares initially were classified as Common Stock. The Board of Directors of each Fund is authorized to classify or reclassify any unissued shares of capital stock by setting or changing the preferences, conversion or other rights, voting

powers, restrictions, limitations as to dividends, qualifications, or terms or conditions of redemption. In connection with each Fund's offering of shares of AMPS, MuniYield California Insured II reclassified 3,600 shares of unissued capital stock as AMPS, and MuniVest California Insured reclassified 1,600 shares of unissued capital stock as AMPS.

Common Stock

Holders of each Fund's Common Stock are entitled to share equally in dividends declared by the Fund's Board of Directors payable to holders of the Common Stock and in the net assets of the Fund available for distribution to holders of the Common Stock after payment of the preferential amounts payable to holders of any outstanding preferred stock. Holders of a Fund's Common Stock do not have preemptive or conversion rights and shares of a Fund's Common Stock are not redeemable. The outstanding shares of Common Stock of each Fund are fully paid and nonassessable.

So long as any shares of a Fund's AMPS or any other preferred stock are outstanding, holders of the Fund's Common Stock will not be entitled to receive any dividends of or other distributions from the Fund unless all accumulated dividends on outstanding shares of the Fund's AMPS and any other preferred stock have been paid, and unless asset coverage (as defined in the Investment Company Act) with respect to such AMPS and any other preferred stock would be at least 200% after giving effect to such distributions.

Preferred Stock

MuniYield California Insured II AMPS are structured identically to MuniVest California Insured AMPS. The AMPS of each Fund are shares of preferred stock of the Fund that entitle their holders to receive dividends when, as and if declared by the Board of Directors, out of funds legally available therefor, at a rate per annum that may vary for the successive dividend periods. MuniYield California Insured II AMPS and MuniVest California Insured AMPS both have liquidation preferences of $25,000 per share; neither Fund's AMPS are traded on any stock exchange or over-the-counter. Each Fund's AMPS can be purchased at an auction or through broker-dealers who maintain a secondary market in the AMPS.

Auctions generally have been held and will be held every 28 days in the case of MuniYield California Insured II Series A AMPS and every seven days in the case of MuniYield California Insured II Series B AMPS unless MuniYield California Insured II elects, subject to certain limitations, to have a special dividend period. As of the auction held on July 19, 1996, the dividend rate on the MuniYield California Insured II Series A AMPS was 3.39%; as of the auction held on August 2, 1996, the dividend rate on the MuniYield California Insured II Series B AMPS was 3.50%.

Similarly, auctions generally have been held and will be held every seven days in the case of MuniVest California Insured AMPS unless MuniVest California Insured elects, subject to certain limitations, to have a special dividend period. As of the auction held on August 6, 1996, the dividend rate on the MuniVest California Insured AMPS was 2.80%.

Under the Investment Company Act, each Fund is permitted to have outstanding more than one series of preferred stock as long as no single series has priority over another series as to the distribution of assets of the Fund or the payment of dividends. Holders of a Fund's preferred stock do not have preemptive rights to purchase any shares of AMPS or any other preferred stock that might be issued. The net asset value per share of a Fund's AMPS equals its liquidation preference plus accumulated dividends per share.

Certain Provisions of the Charter

Each Fund's Charter includes provisions that could have the effect of limiting the ability of other entities or persons to acquire control of the Fund or to change the composition of its Board of Directors and could have the effect of depriving stockholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control of the Fund. A Director may be removed from office with or without cause by a vote of the holders of at least 66 2/3% of the votes entitled to be voted on the matter. A Director elected by the holders of Common Stock, AMPS and any other preferred stock may be removed only by action of such holders, and a Director elected by the holders of AMPS and any other preferred stock may be removed only by action of the holders of AMPS and any other preferred stock. In addition, the Charter of each Fund requires the affirmative vote of the holders of at least 66 2/3% of all of the Fund's shares of capital stock, then entitled to be voted, voting as a single class, to approve, adopt or authorize the following:

(i) a merger or consolidation or statutory share exchange of the Fund with any other corporation or entity,

(ii) a sale of all or substantially all of the Fund's assets (other than in the regular course of the Fund's investment activities), or

(iii) a liquidation or dissolution of the Fund,

unless such action has been approved, adopted or authorized by the affirmative vote of at least two-thirds of the entire Board of Directors, in which case the affirmative vote of a majority of all of the votes entitled to be cast by stockholders of the Fund, voting as a single class, is required. Such approval, adoption or authorization of the foregoing also would require the favorable vote of the holders of a majority of shares of preferred stock entitled to be voted thereon, including the AMPS, voting as a separate class.

In addition, conversion of a Fund to an open-end investment company would require an amendment to the Fund's Articles of Incorporation. The amendment would have to be declared advisable by the Board of Directors prior to its submission to stockholders. Such an amendment would require the affirmative vote of the holders of at least 66 2/3% of the Fund's outstanding shares of capital stock (including the AMPS and any other preferred stock) entitled to be voted on the matter, voting as a single class (or a majority of such shares if the amendment was previously approved, adopted or authorized by at least two-thirds of the entire Board of Directors) and the affirmative vote of a majority of votes entitled to be cast by holders of shares of preferred stock (including the AMPS), voting separately as a class. Such a vote also would satisfy a separate requirement in the Investment Company Act that the change be approved by the stockholders. Stockholders of an open-end investment company may require the company to redeem their shares of common stock at any time (except in certain circumstances as authorized by or under the Investment Company Act) at their net asset value, less such redemption charge, if any, as might be in effect at the time of a redemption. All redemptions will be made in cash. If the Fund is converted to an open-end investment company, it could be required to liquidate portfolio securities to meet requests for redemption and the Common Stock no longer would be listed on a stock exchange. Conversion to an open-end investment company also would require redemption of all outstanding shares of preferred stock (including the AMPS) and would require changes in certain of the Fund's investment policies and restrictions, such as those relating to the issuance of senior securities, the borrowing of money and the purchase of illiquid securities.

The Board of Directors of each Fund has determined that the 66 2/3% voting requirements described above, which are greater than the minimum requirements under Maryland law or the Investment Company Act, are in the best interests of stockholders generally. Reference should be made to the Charter of each Fund on file with the Commission for the full text of these provisions.

MANAGEMENT OF THE FUNDS

Directors and Officers. The Boards of Directors of each of MuniYield California Insured II and MuniVest California Insured currently consist of six persons, five of whom are not "interested persons" as defined in the Investment Company Act, of either Fund. The Directors of each Fund are responsible for the overall supervision of the operations of MuniYield California Insured II and MuniVest California Insured, as the case may be, and perform the various duties imposed on the directors of investment companies by the Investment Company Act and under applicable Maryland law. MuniYield California Insured II and MuniVest California Insured have the same officers. For further information regarding the Directors and officers of each Fund, see "Election of Directors".

Management and Advisory Arrangements. FAM serves as the investment adviser for both MuniYield California Insured II and MuniVest California Insured pursuant to separate investment advisory agreements that, except for their termination dates, are identical. FAM is an affiliate of MLAM, and both FAM and MLAM are owned and controlled by ML & Co. FAM provides each Fund with the same investment advisory and management services. FAM or MLAM acts as the investment adviser for more than 130 registered investment companies. FAM also offers portfolio management and portfolio analysis services to individuals and institutions. As of July 31, 1996, FAM and MLAM had a total of approximately $207.3 billion in investment company and other portfolio assets under management (approximately $30.4 billion of which were invested in municipal securities), including accounts of certain affiliates of FAM. The principal business address of FAM is 800 Scudders Mill Road, Plainsboro, New Jersey 08536.

Each Fund's investment advisory agreement with FAM provides that, subject to the direction of the Board of Directors of the Fund, FAM is responsible for the actual management of the Fund's portfolio. The responsibility for making decisions to buy, sell or hold a particular security for each Fund rests with FAM, subject to review by the Board of Directors of the Fund.

FAM provides the portfolio management for MuniYield California Insured II and MuniVest California Insured. Such portfolio management considers analyses from various sources (including brokerage firms with which each Fund does business), makes the necessary investment decisions, and places orders for transactions accordingly. FAM also is responsible for the performance of certain administrative and management services for each Fund.

For the services provided by FAM under each Fund's investment advisory agreement, the Fund pays a monthly fee at an annual rate of .50 of 1% of the Fund's average weekly net assets (i.e., the average weekly value of the total assets of the Fund, minus the sum of accrued liabilities of the Fund and accumulated dividends on its shares of AMPS). For purposes of this calculation, average weekly net assets are determined at the end of each month on the basis of the average net assets of the Fund for each week during the month. The assets for each weekly period are determined by averaging the net assets at the last business day of a week with the net assets at the last business day of the prior week.

Each Fund's investment advisory agreement obligates FAM to provide investment advisory services and to pay all compensation of and furnish office space for officers and employees of the Fund connected with

investment and economic research, trading and investment management of the Fund, as well as the compensation of all Directors of the Fund who are affiliated persons of FAM or any of its affiliates. Each Fund pays all other expenses incurred in the operation of the Fund, including, among other things, expenses for legal and auditing services, taxes, costs of printing proxies, listing fees, stock certificates and stockholder reports, charges of the custodian and the transfer agent, dividend disbursing agent and registrar, fees and expenses with respect to the issuance of AMPS, Commission fees, fees and expenses of unaffiliated Directors, accounting and pricing costs, insurance, interest, brokerage costs, litigation and other extraordinary or non-recurring expenses, mailing and other expenses properly payable by the Fund. FAM provides accounting services to each Fund, and each Fund reimburses FAM for its respective costs in connection with such services.

Unless earlier terminated as described below, the investment advisory agreement between MuniYield California Insured II and FAM will continue from year to year if approved annually (a) by the Board of Directors of MuniYield California Insured II or by a majority of the outstanding shares of MuniYield California Insured II Common Stock and MuniYield California Insured II AMPS, voting together as a single class, and (b) by a majority of the Directors of MuniYield California Insured II who are not parties to such contract or "interested persons", as defined in the Investment Company Act, of any such party. The contract is not assignable and it may be terminated without penalty on 60 days' written notice at the option of either party thereto or by the vote of the stockholders of MuniYield California Insured II.

Similarly, unless earlier terminated as described below, the investment advisory agreement between MuniVest California Insured and FAM will continue from year to year if approved annually (a) by the Board of Directors of MuniVest California Insured or by a majority of the outstanding shares of MuniVest California Insured Common Stock and MuniVest California Insured AMPS, voting together as a single class, and (b) by a majority of the Directors of MuniVest California Insured who are not parties to such contract or "interested persons" of any such party. The contract is not assignable and it may be terminated without penalty on 60 days' written notice at the option of either party thereto or by the vote of the stockholders of MuniVest California Insured.

VOTING RIGHTS

Voting rights are identical for the holders of shares of MuniYield California Insured II Common Stock and the holders of shares of MuniVest California Insured Common Stock. Holders of each Fund's Common Stock are entitled to one vote for each share held and will vote with the holders of any outstanding shares of the Fund's AMPS or other preferred stock on each matter submitted to a vote of holders of Common Stock, except as set forth below.

Stockholders of each Fund are entitled to one vote for each share held. The shares of each Fund's Common Stock, AMPS and any other preferred stock do not have cumulative voting rights, which means that the holders of more than 50% of the shares of a Fund's Common Stock, AMPS and any other preferred stock voting for the election of Directors can elect all of the Directors standing for election by such holders, and, in such event, the holders of the remaining shares of a Fund's Common Stock, AMPS and any other preferred stock will not be able to elect any of such Directors.

Voting rights of the holders of MuniYield California Insured II AMPS are identical to voting rights of the holders of MuniVest California Insured AMPS. Except as otherwise indicated below, and except as otherwise required by applicable law, holders of shares of a Fund's AMPS will be entitled to one vote per share on each matter submitted to a vote of the Fund's stockholders and will vote together with the holders of shares of the Fund's Common Stock as a single class.

In connection with the election of a Fund's Directors, holders of shares of a Fund's AMPS and any other preferred stock, voting separately as a class, shall be entitled at all times to elect two of the Fund's Directors, and the remaining Directors will be elected by holders of shares of the Fund's Common Stock and shares of the Fund's AMPS and any other preferred stock, voting together as a single class. In addition, if at any time dividends on outstanding shares of a Fund's AMPS shall be unpaid in an amount equal to at least two full years' dividends thereon or if at any time holders of any shares of a Fund's preferred stock are entitled, together with the holders of shares of the Fund's AMPS, to elect a majority of the Directors of the Fund under the Investment Company Act, then the number of Directors constituting the Board of Directors automatically shall be increased by the smallest number that, when added to the two Directors elected exclusively by the holders of shares of AMPS and any other preferred stock as described above, would constitute a majority of the Board of Directors as so increased by such smallest number, and at a special meeting of stockholders which will be called and held as soon as practicable, and at all subsequent meetings at which Directors are to be elected, the holders of shares of the Fund's AMPS and any other preferred stock, voting separately as a class, will be entitled to elect the smallest number of additional Directors that, together with the two Directors which such holders in any event will be entitled to elect, constitutes a majority of the total number of Directors of the Fund as so increased. The terms of office of the persons who are Directors at the time of that election will continue. If the Fund thereafter shall pay, or declare and set apart for payment in full, all dividends payable on all outstanding shares of AMPS and any other preferred stock for all past dividend periods, the additional voting rights of the holders of shares of AMPS and any other preferred stock as described above shall cease, and the terms of office of all of the additional Directors elected by the holders of shares of AMPS and any other preferred stock (but not of the Directors with respect to whose election the holders of shares of Common Stock were entitled to vote or the two Directors the holders of shares of AMPS and any other preferred stock have the right to elect in any event) will terminate automatically.

STOCKHOLDER INQUIRIES

Stockholder inquiries with respect to MuniYield California Insured II and MuniVest California Insured may be addressed to either Fund by telephone at (609) 282-2800 or at the address set forth on the cover page of this Proxy Statement and Prospectus.

DIVIDENDS AND DISTRIBUTIONS

MuniYield California Insured II's current policy with respect to dividends and distributions relating to shares of MuniYield California Insured II Common Stock is identical to MuniVest California Insured's policy with respect to shares of MuniVest California Insured Common Stock. Each Fund intends to distribute substantially all of its net investment income. Dividends from such net investment income are declared and paid monthly to holders of a Fund's Common Stock. Monthly distributions to holders of a Fund's Common Stock normally consist of substantially all of the net investment income remaining after the payment of dividends on the Fund's AMPS. All net realized long-term or short-term capital gains, if any, are distributed at least annually, pro rata to holders of shares of a Fund's Common Stock and AMPS. While any shares of a Fund's AMPS are outstanding, the Fund may not declare any cash dividend or other distribution on the Fund's Common Stock, unless at the time of such declaration (1) all accumulated dividends on the Fund's AMPS have been paid, and (2) the net asset value of the Fund's portfolio (determined after deducting the amount of such dividend or other distribution) is at least 200% of the liquidation value of the Fund's outstanding shares of AMPS. This limitation on a Fund's ability to make distributions on its Common Stock under certain circumstances could impair the ability of the Fund to maintain its qualification for taxation as a RIC. See "Agreement and Plan of Reorganization -- Tax Consequences of the Reorganization".

Similarly, MuniYield California Insured II's current policy with respect to dividends and distributions relating to shares of MuniYield California Insured II AMPS is identical to MuniVest California Insured's current policy with respect to shares of MuniVest California Insured AMPS. The holders of shares of a Fund's AMPS are entitled to receive, when, as and if declared by the Board of Directors of the Fund, out of funds legally available therefor, cumulative cash dividends on their shares. Dividends on a Fund's shares of AMPS so declared and payable shall be paid (i) in preference to and in priority over any dividends so declared and payable on the Fund's Common Stock, and (ii) to the extent permitted under the Code and to the extent available, out of net tax-exempt income earned on the Fund's investments. Dividends for the MuniYield California Insured II AMPS and the MuniVest California Insured AMPS are paid through The Depository Trust Company ("DTC") (or a successor securities depository) on each dividend payment date. DTC's normal procedures now provide for it to distribute dividends in same-day funds to agent members, who in turn are expected to distribute such dividends to the person for whom they are acting as agent in accordance with the instructions of such person. Prior to each dividend payment date, the relevant Fund is required to deposit with the Auction Agent sufficient funds for the payment of such declared dividends. Neither Fund intends to establish any reserves for the payment of dividends, and no interest will be payable in respect of any dividend payment or payment on the shares of a Fund's AMPS which may be in arrears.

Dividends paid by each Fund, to the extent paid from tax-exempt income earned on California Municipal Bonds, are exempt from Federal and California income taxes, subject to the possible application of the alternative minimum tax. However, each Fund is required to allocate net capital gains and other income subject to regular Federal and California income taxes, if any, proportionately between shares of its Common Stock and shares of its AMPS in accordance with the current position of the IRS described herein. Each Fund notifies the Auction Agent of the amount of any net capital gains or other taxable income to be included in any dividend on shares of AMPS prior to the auction establishing the applicable rate for such dividend. The Auction Agent in turn notifies each broker-dealer whenever it receives any such notice from a Fund, and each broker-dealer then notifies its customers who are holders of the Fund's AMPS. Each Fund also may include such income in a dividend on shares of its AMPS without giving advance notice thereof if it increases the dividend by an additional amount to offset the tax effect thereof. The amount of taxable income allocable to shares of a Fund's AMPS will depend upon the amount of such income realized by the Fund and other factors, but generally is not expected to be significant.

For information concerning the manner in which dividends and distributions to holders of each Fund's Common Stock may be reinvested automatically in shares of the Fund's Common Stock, see "Automatic Dividend Reinvestment Plan" below. Dividends and distributions may be taxable to stockholders under certain circumstances as discussed below, whether they are reinvested in shares of a Fund or received in cash.

If MuniYield California Insured II or MuniVest California Insured, as the case may be, retroactively allocates any net capital gains or other income subject to regular Federal and California income taxes to shares of its AMPS without having given advance notice thereof as described above, which only may happen when such allocation is made as a result of the redemption of all or a portion of the outstanding shares of its AMPS or the liquidation of the Fund, the Fund will make certain payments to holders of shares of its AMPS to which such allocation was made to offset substantially the tax effect thereof. In no other instances will the Fund be required to make payments to holders of shares of its AMPS to offset the tax effect of any reallocation of net capital gains or other taxable income.

AUTOMATIC DIVIDEND REINVESTMENT PLAN

Pursuant to each Fund's Automatic Dividend Reinvestment Plan (each, the "Plan"), unless a holder of a Fund's Common Stock elects otherwise, all dividend and capital gains distributions are reinvested automatically by Boston EquiServe in the case of MuniYield California Insured II or by The Bank of New York in the case of MuniVest California Insured, as agent for stockholders in administering the Plan (the "Plan Agent"), in additional shares of the Fund's Common Stock. Holders of a Fund's Common Stock who elect not to participate in the Plan receive all distributions in cash paid by check mailed directly to the stockholder of record (or, if the shares are held in street or other nominee name, then to such nominee) by Boston EquiServe in the case of MuniYield California Insured II or by The Bank of New York in the case of MuniVest California Insured, as dividend paying agent. Such stockholders may elect not to participate in the Plan and to receive all distributions of dividends and capital gains in cash by sending written instructions to Boston EquiServe or The Bank of New York, as dividend paying agent, at the address set forth below. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by written notice if received by the Plan Agent not less than ten days prior to any dividend record date; otherwise, such termination will be effective with respect to any subsequently declared dividend or capital gains distribution.

Whenever a Fund declares an ordinary income dividend or a capital gain dividend (collectively referred to as "dividends") payable either in shares or in cash, non-participants in the Plan receive cash, and participants in the Plan receive the equivalent in shares of the Fund's Common Stock. The shares are acquired by the Plan Agent for the participant's account, depending upon the circumstances described below, either (i) through receipt of additional unissued but authorized shares of the Fund's Common Stock from the Fund ("newly-issued shares") or (ii) by purchase of outstanding shares of the Fund's Common Stock on the open market ("open-market purchases"), on the NYSE or elsewhere. If on the payment date for the dividend, the net asset value per share of the Fund's Common Stock is equal to or less than the market price per share of the Fund's Common Stock plus estimated brokerage commissions (such condition being referred to herein as "market premium"), the Plan Agent invests the dividend amount in newly-issued shares on behalf of the participant. The number of newly-issued shares of the Fund's Common Stock to be credited to the participant's account is determined by dividing the dollar amount of the dividend by the net asset value per share on the date the shares are issued, provided that the maximum discount from the then current market price per share on the date of issuance may not exceed 5%. If on the dividend payment date, the net asset value per share is greater than the market value (such condition being referred to herein as "market discount"), the Plan Agent invests the dividend amount in shares acquired on behalf of the participant in open-market purchases.

In the event of a market discount on the dividend payment date, the Plan Agent has until the last business day before the next date on which the shares trade on an "ex-dividend" basis or in no event more than 30 days after the dividend payment date (the "last purchase date") to invest the dividend amount in shares acquired in open-market purchases. Each Fund intends to pay monthly income dividends. Therefore, the period during which open-market purchases can be made exists only from the payment date on the dividend through the date before the next "ex-dividend" date, which typically is approximately ten days. If, before the Plan Agent has completed its open-market purchases, the market price of a share of a Fund's Common Stock exceeds the net asset value per share, the average per share purchase price paid by the Plan Agent may exceed the net asset value of the Fund's shares, resulting in the acquisition of fewer shares than if the dividend had been paid in newly-issued shares on the dividend payment date. Because of the foregoing difficulty with

respect to open-market purchases, the Plan provides that if the Plan Agent is unable to invest the full dividend amount in open-market purchases during the purchase period or if the market discount shifts to a market premium during the purchase period, the Plan Agent ceases making open-market purchases and invests the uninvested portion of the dividend amount in newly-issued shares at the close of business on the last purchase date.

The Plan Agent maintains all stockholders' accounts in the Plan and furnishes written confirmation of all transactions in the account, including information needed by stockholders for tax records. Shares in the account of each Plan participant are held by the Plan Agent in non-certificated form in the name of the participant, and each stockholder's proxy includes those shares purchased or received pursuant to the Plan. The Plan Agent will forward all proxy solicitation materials to participants and vote proxies for shares held pursuant to the Plan in accordance with the instructions of the participants.

In the case of stockholders such as banks, brokers or nominees which hold shares for others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of shares certified from time to time by the record stockholders as representing the total amount registered in the record stockholder's name and held for the account of beneficial owners who are to participate in the Plan.

There are no brokerage charges with respect to shares issued directly by MuniYield California Insured II or MuniVest California Insured as a result of dividends or capital gains distributions payable either in shares or in cash. However, each participant pays a pro rata share of brokerage commissions incurred with respect to the Plan Agent's open-market purchases in connection with the reinvestment of dividends.

The automatic reinvestment of dividends and distributions does not relieve participants of any Federal, State or local income tax that may be payable (or required to be withheld) on such dividends. See "The Reorganization -- Tax Consequences of the Reorganization".

Stockholders participating in the Plan may receive benefits not available to stockholders not participating in the Plan. If the market price plus commissions of a Fund's shares of Common Stock is above the net asset value, participants in the Plan receive shares of the Fund's Common Stock at less than they otherwise could purchase them and have shares with a cash value greater than the value of any cash distribution they would have received on their shares. If the market price plus commissions is below the net asset value, participants receive distributions in shares with a net asset value greater than the value of any cash distribution they would have received on their shares. However, there may be insufficient shares available in the market to make distributions in shares at prices below the net asset value. Also, since neither Fund normally redeems its shares, the price on resale may be more or less than the net asset value.

Each Fund reserves the right to amend or terminate its Plan. There is no direct service charge to participants in the Plan; however, each Fund reserves the right to amend its Plan to include a service charge payable by the participants.

LIQUIDATION RIGHTS OF HOLDERS OF AMPS

Upon any liquidation, dissolution or winding up of MuniYield California Insured II or MuniVest California Insured, as the case may be, whether voluntary or involuntary, the holders of shares of the Fund's AMPS will be entitled to receive, out of the assets of the Fund available for distribution to stockholders, before any distribution or payment is made upon any shares of the Fund's Common Stock or any other capital stock of the Fund ranking junior to AMPS in right of payment upon liquidation, $25,000 per share together with the amount of any dividends accumulated but unpaid (whether or not earned or declared) thereon to the

date of distribution, and after such payment the holders of AMPS will be entitled to no other payments except for any additional dividends. If such assets of the Fund shall be insufficient to make the full liquidation payment on the AMPS and liquidation payments on any other outstanding class or series of preferred stock of the Fund ranking on a parity with the AMPS as to payment upon liquidation, then such assets will be distributed among the holders of shares of AMPS and the holders of shares of such other class or series ratably in proportion to the respective preferential amounts to which they are entitled. After payment of the full amount of liquidation distribution to which they are entitled, the holders of shares of a Fund's AMPS will not be entitled to any further participation in any distribution of assets by the Fund except for any additional dividends. A consolidation, merger or share exchange of a Fund with or into any other entity or entities or a sale, whether for cash, shares of stock, securities or properties, of all or substantially all or any part of the assets of the Fund shall not be deemed or construed to be a liquidation, dissolution or winding up of the Fund.

TAX RULES APPLICABLE TO MUNIYIELD CALIFORNIA INSURED II, MUNIVEST CALIFORNIA INSURED AND THEIR STOCKHOLDERS

The tax consequences associated with investment in shares of MuniYield California Insured II Common Stock are identical to the tax consequences associated with investment in shares of MuniVest California Insured Common Stock. Similarly, the tax consequences associated with investment in shares of MuniYield California Insured II AMPS are identical to the tax consequences associated with investment in shares of MuniVest California Insured AMPS. MuniYield California Insured II and MuniVest California Insured have elected and qualified for the special tax treatment afforded RICs under the Code. As a result, in any taxable year in which they distribute an amount equal to at least 90% of taxable net income and 90% of tax-exempt net income (see below), the Funds (but not their stockholders) are not subject to Federal income tax to the extent that they distribute their net investment income and net realized capital gains. Similar rules apply to the Fund if its income is subject to California tax. In prior years and in the taxable year of the Reorganization, each Fund has distributed substantially all of its income. MuniYield California Insured II intends to continue to distribute substantially all of its income in taxable years following the Reorganization. If at any time when shares of a Fund's AMPS are outstanding the Fund does not meet the asset coverage requirements of the Investment Company Act, the Fund is required to suspend distributions to holders of shares of its Common Stock until the asset coverage is restored. This can prevent the Fund from distributing at least 90% of its net income and therefore can jeopardize the Fund's qualification for taxation as a RIC. Upon any failure to meet the asset coverage requirements, the Funds may, and under certain circumstances are required to, redeem shares of AMPS in order to maintain or restore the requisite asset coverage and avoid the adverse consequences of failing to qualify as a RIC.

Each Fund is qualified to pay "exempt-interest dividends" as defined in Section 852(b)(5) of the Code. Under such section, if, at the close of each quarter of its taxable year, at least 50% of the value of a Fund's total assets consists of obligations exempt from Federal income tax ("tax-exempt obligations") under Section 103(a) of the Code (relating generally to obligations of a state or local governmental unit), the Fund is qualified to pay exempt-interest dividends to its stockholders. Exempt-interest dividends are dividends or any part thereof paid by a Fund which are attributable to interest on tax-exempt obligations and designated by the Fund as exempt-interest dividends in a written notice mailed to stockholders within 60 days after the close of its taxable year. To the extent that the dividends distributed to a Fund's stockholders are derived from interest income exempt from Federal income tax under Code Section 103(a) and are properly designated as exempt-interest dividends, they are excludable from a stockholder's gross income for Federal income tax

purposes. Exempt-interest dividends are included, however, in determining the portion, if any, of a person's social security benefits and railroad retirement benefits subject to Federal income taxes. Interest on indebtedness incurred or continued to purchase or carry a Fund's shares is not deductible for Federal income tax purposes to the extent attributable to exempt-interest dividends. A tax adviser should be consulted with respect to whether exempt-interest dividends retain the exclusion under Code Section 103(a) if a stockholder would be treated as a "substantial user" or "related person" under Code Section 147(a) with respect to property financed with the proceeds from an issue of "industrial development bonds" or "private activity bonds," if any, held by a Fund.

The portion of exempt-interest dividends paid from interest received by each Fund from California Municipal Bonds also is exempt from California personal and corporate income tax. However, exempt-interest dividends paid to a corporate shareholder subject to the California state franchise tax will not be exempt from taxation. Stockholders subject to income taxation by states other than California may realize a lower after-tax rate of return than California residents since the dividends distributed by a Fund generally are not exempt, to any significant degree, from income taxation by such other states. Each Fund informs its stockholders annually as to the portion of the Fund's distributions which constitutes exempt-interest dividends and the portion which is exempt from California personal and corporate income taxes.

The IRS, in a revenue ruling, held that certain AMPS would be treated as stock for Federal income tax purposes. The terms of the MuniYield California Insured II AMPS and the MuniVest California Insured AMPS are substantially similar, but not identical, to the AMPS discussed in the revenue ruling, and in the opinion of Brown & Wood LLP, counsel to both Funds, the shares of each Fund's AMPS constitute stock and distributions with respect to shares of such AMPS (other than distributions in redemption of shares of AMPS subject to Section 302(b) of the Code) constitute dividends to the extent of current and accumulated earnings and profits as calculated for Federal income tax purposes. Nevertheless, the IRS could take a contrary position, asserting, for example, that the shares of AMPS constitute debt. If this position were upheld, the discussion of the treatment of distributions below would not apply to holders of shares of AMPS. Instead, distributions by each Fund to holders of shares of its AMPS would constitute interest, whether or not they exceed the earnings and profits of the Fund, would be included in full in the income of the recipient and taxed as ordinary income. Counsel believes that such a position, if asserted by the IRS, would be unlikely to prevail.

To the extent that a Fund's distributions are derived from interest on its taxable investments or from an excess of net short-term capital gains over net long-term capital losses ("ordinary income dividends"), such distributions are considered taxable ordinary income for Federal and California income tax purposes. Distributions, if any, from an excess of net long-term capital gains over net short-term capital losses from the sale of securities or from certain transactions in futures or options ("capital gain dividends") are taxable as long-term capital gains for Federal income tax purposes, regardless of the length of time the stockholder has owned Fund shares, and for California income tax purposes, will be treated as capital gains which are taxed at ordinary income rates. Distributions by the Fund, whether from exempt-interest income, ordinary income or capital gains, will not be eligible for the dividends received deduction allowed to corporations under the Code.

All or a portion of a Fund's gain from the sale or redemption of tax-exempt obligations purchased at a market discount will be treated as ordinary income rather than capital gain. This rule may increase the amount of ordinary income dividends received by stockholders. Any loss upon the sale or exchange of Fund shares held for six months or less is treated as long-term capital loss to the extent of capital gain dividends received by the stockholder. In addition, such loss is disallowed to the extent of any exempt-interest dividends received by the stockholder. Distributions in excess of a Fund's earnings and profits first will reduce the adjusted tax basis of a holder's shares and, after such adjusted tax basis is reduced to zero, will constitute capital gains to such holder (assuming the shares are held as a capital asset). If a Fund pays a dividend in January which was declared in the previous October, November or December to stockholders of record on a specified date in one of such months, then such dividend is treated for tax purposes as paid by the Fund and received by its stockholders on December 31 of the year in which such dividend was declared.

The IRS has taken the position in a revenue ruling that if a RIC has two classes of shares it may designate distributions made to each class in any year as consisting of no more than such class' proportionate share of particular types of income, including exempt-interest dividends and capital gain dividends. Thus, each Fund is required to allocate a portion of its net capital gains and other taxable income to the shares of its AMPS. Each Fund may notify the Auction Agent of the amount of any net capital gains and other taxable income to be included in any dividend on shares of its AMPS prior to the auction establishing the applicable rate for such dividend. Except for the portion of any dividend that a Fund informs the Auction Agent will be treated as capital gains or other taxable income, the dividends paid on the shares of AMPS constitute exempt-interest dividends. Alternatively, each Fund may include such income in a dividend on shares of its AMPS without giving advance notice thereof if it increases the dividend by an additional amount to offset the tax effect thereof. The amount of net capital gains and ordinary income allocable to shares of a Fund's AMPS (the "taxable distribution") depends upon the amount of such gains and income realized by the Fund and the total dividends paid by the Fund on shares of its Common Stock and shares of its AMPS during a taxable year, but the taxable distribution generally is not significant.

In the opinion of Brown & Wood LLP, counsel to both Funds, under current law the manner in which each Fund allocates items of tax-exempt income, net capital gains, and other taxable income, if any, between shares of its Common Stock and shares of its AMPS will be respected for Federal income tax purposes. However, the tax treatment of additional dividends may affect a Fund's calculation of each class' allocable share of capital gains and other taxable income. In addition, there is currently no direct guidance from the IRS or other sources specifically addressing whether a Fund's method for allocating tax-exempt income, net capital gains and other taxable income between shares of its Common Stock and shares of its AMPS will be respected for Federal income tax purposes, and it is possible that the IRS could disagree with counsel's opinion and attempt to reallocate a Fund's net capital gains or other taxable income. In the event of a reallocation, some of the dividends identified by a Fund as exempt-interest dividends to holders of shares of its AMPS could be recharacterized as additional capital gains or other taxable income. In the event of such recharacterization, a Fund is not required to make payments to such stockholders to offset the tax effect of such reallocation. In addition, a reallocation could cause a Fund to be liable for income tax and excise tax on any reallocated taxable income. Brown & Wood LLP has advised each Fund that, in its opinion, if the IRS were to challenge in court the Fund's allocations of income and gain, the IRS would be unlikely to prevail. The opinion of Brown & Wood LLP, however, represents only its best legal judgment and is not binding on the IRS or the courts.

The Code requires a RIC to pay a nondeductible 4% excise tax to the extent it does not distribute 98% of its ordinary income, determined on a calendar year basis, and 98% of its capital gains, determined in general, on an October 31 year-end, plus certain undistributed amounts from previous years. The required distributions, however, are based only on the taxable income of a regulated investment company. The excise tax, therefore, generally does not apply to the tax-exempt income of RICs, such as the Funds, that pay exempt-interest dividends.

The Code subjects interest received on certain otherwise tax-exempt securities to an alternative minimum tax. The alternative minimum tax applies to interest received on "private activity bonds" issued after

August 7, 1986. "Private activity bonds" are bonds which, although tax-exempt, are used for purposes other than those generally performed by governmental units and which benefit non-governmental entities (e.g., bonds used for industrial development or housing purposes). Income received on such bonds is classified as an item of "tax preference" which could subject investors in such bonds, including stockholders of the Funds, to an increased alternative minimum tax. Each Fund purchases such "private activity bonds" and reports to stockholders within 60 days after its fiscal year-end the portion of its dividends declared during the year which constitutes an item of tax preference for alternative minimum tax purposes. The Code further provides that corporations are subject to an alternative minimum tax based, in part, on certain differences between taxable income as adjusted for other tax preferences and the corporation's "adjusted current earnings" which more closely reflect a corporation's economic income. Because an exempt-interest dividend paid by a Fund is included in adjusted current earnings, a corporate stockholder may be required to pay an alternative minimum tax on exempt-interest dividends paid by such Fund.

Under certain provisions of the Code, some stockholders may be subject to a 31% withholding tax on certain ordinary income dividends and on capital gain dividends and redemption payments ("backup withholding"). Generally, stockholders subject to backup withholding will be those for whom no taxpayer identification number is on file with a Fund or who, to the Fund's knowledge, have furnished an incorrect number. When establishing an account, an investor must certify under penalty of perjury that such number is correct and that such stockholder is not otherwise subject to backup withholding.

Ordinary income dividends paid to stockholders who are nonresident aliens or foreign entities are subject to a 30% United States withholding tax under existing provisions of the Code applicable to foreign individuals and entities unless a reduced rate of withholding or a withholding exemption is provided under applicable treaty law.

A loss realized on a sale or exchange of shares of a Fund is disallowed if other Fund shares are acquired (whether under the Automatic Dividend Reinvestment Plan or otherwise) within a 61-day period beginning 30 days before and ending 30 days after the date that the shares are disposed of. In such a case, the basis of the shares acquired will be adjusted to reflect the disallowed loss.

The Code provides that every stockholder required to file a tax return must include for information purposes on such return the amount of exempt-interest dividends received from all sources (including the Funds) during the taxable year.

Provided the Fund does not have a tax nexus to California, such as through the location of the Fund's activities or those of its advisors within the state, under present California law, the Fund is not subject to California taxation. In the event of a tax nexus to California, the Fund would be subject to California taxation.

AGREEMENT AND PLAN OF REORGANIZATION

GENERAL

Under the Agreement and Plan of Reorganization (attached hereto as Exhibit I), MuniYield California Insured II will acquire all of the assets, and will assume all of the liabilities, of MuniVest California Insured, in exchange solely for an equal aggregate value of MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS to be issued by MuniYield California Insured II. Upon receipt by MuniVest California Insured of such shares, MuniVest California Insured will distribute the shares of MuniYield California Insured II Common Stock to the holders of MuniVest California Insured Common

Stock and will distribute the shares of MuniYield California Insured II Series C AMPS to the holders of MuniVest California Insured AMPS, in each case in exchange for their shares in MuniVest California Insured. Separate Articles Supplementary to the Articles of Incorporation of MuniYield California Insured II establishing the powers, rights and preferences of the MuniYield California Insured II Series C AMPS will have been filed with the State Department of Assessments and Taxation of Maryland (the "Maryland Department") prior to the closing of the Reorganization. As soon as practicable after the date that the Reorganization takes place (the "Exchange Date"), MuniVest California Insured will file Articles of Dissolution with the Maryland Department to effect the formal dissolution.

MuniVest California Insured will distribute the shares of MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS received by it pro rata to its holders of record of MuniVest California Insured Common Stock and MuniVest California Insured AMPS, respectively, in exchange for such stockholder's shares in MuniVest California Insured. Such distribution would be accomplished by opening new accounts on the books of MuniYield California Insured II in the names of the common and preferred stockholders of MuniVest California Insured and transferring to those stockholder accounts the MuniYield California Insured II Common Stock and the MuniYield California Insured II Series C AMPS previously credited on those books to the account of MuniVest California Insured. Each newly-opened account on the books of MuniYield California Insured II for the previous holders of MuniVest California Insured Common Stock would represent the respective pro rata number of shares of MuniYield California Insured II Common Stock (rounded down, in the case of fractional shares, to the next largest number of whole shares) due such holder of MuniVest California Insured Common Stock. No fractional shares of MuniYield California Insured II Common Stock or MuniYield California Insured II Series C AMPS will be issued. In lieu thereof, MuniYield California Insured II's transfer agent, State Street Bank and Trust Company, will aggregate all fractional shares of MuniYield California Insured II Common Stock and sell the resulting whole shares on the NYSE for the account of all holders of fractional interests, and each such holder will be entitled to a pro rata share of the proceeds from such sale upon surrender of the MuniVest California Insured Common Stock certificates. Similarly, each newly-opened account on the books of MuniYield California Insured II for the previous holders of MuniVest California Insured AMPS would represent the respective pro rata number of shares of MuniYield California Insured II Series C AMPS due such holder of MuniVest California Insured AMPS. See "Surrender and Exchange of MuniVest California Insured Stock Certificates" below for a description of the procedures to be followed by MuniVest California Insured stockholders to obtain their MuniYield California Insured II Common Stock (and cash in lieu of fractional shares, if any), and/or MuniYield California Insured II Series C AMPS.

Accordingly, as a result of the Reorganization, every holder of MuniVest California Insured Common Stock would own shares of MuniYield California Insured II Common Stock that (except for cash payments received in lieu of fractional shares) would have an aggregate net asset value immediately after the Exchange Date equal to the aggregate net asset value of that stockholder's MuniVest California Insured Common Stock immediately prior to the Exchange Date. Since the MuniYield California Insured II Common Stock would be issued at net asset value in exchange for the net assets of MuniVest California Insured having a value equal to the aggregate net asset value of those shares of MuniYield California Insured II Common Stock, the net asset value per share of MuniYield California Insured II Common Stock should remain virtually unchanged by the Reorganization. Similarly, since the MuniYield California Insured II Series C AMPS would be issued at a liquidation preference and value per share equal to the liquidation preference and value of the MuniVest California Insured AMPS, the respective liquidation preference per share of the MuniYield California

Insured II Series C AMPS will remain unchanged by the Reorganization. Thus, the Reorganization will result in no dilution of net asset value of the MuniYield California Insured II Common Stock, other than to reflect the costs of the Reorganization, and will result in no dilution of liquidation preference of the MuniYield California Insured II Series C AMPS. However, as a result of the Reorganization, a stockholder of either Fund likely will hold a reduced percentage of ownership in the larger combined entity than he or she did in either of the constituent Funds.

PROCEDURE

At meetings of the Boards of Directors of MuniYield California Insured II and MuniVest California Insured held on June 21, 1996 and May 3, 1996, respectively, the Boards of Directors of MuniYield California Insured II and MuniVest California Insured, respectively, including all of the Directors who are not "interested persons", as defined in the Investment Company Act, of MuniYield California Insured II and MuniVest California Insured unanimously approved the Agreement and Plan of Reorganization and the submission of such Agreement and Plan of Reorganization to the Fund's respective stockholders for approval.

Also on June 21, 1996, the Board of Directors of MuniYield California Insured II approved the filing of Articles Supplementary to MuniYield California Insured II's Articles of Incorporation establishing the powers, rights and preferences of the MuniYield California Insured II Series C AMPS in order that they may be distributed to holders of MuniVest California Insured AMPS as part of the Reorganization.

As a result of such Board approvals, MuniYield California Insured II and MuniVest California Insured jointly filed a proxy statement with the Commission soliciting a vote of the stockholders of MuniYield California Insured II and MuniVest California Insured to approve the Reorganization. The costs of such solicitation are to be paid by MuniYield California Insured II after the Reorganization so as to be borne equally and exclusively on a per share basis by the holders of MuniYield California Insured II Common Stock and MuniVest California Insured Common Stock. It is anticipated that annual meetings of stockholders of MuniYield California Insured II and MuniVest California Insured will be held on September 30, 1996. If the stockholders of both MuniYield California Insured II and MuniVest California Insured approve the Reorganization, the Reorganization will take place as soon as practicable after such approval, provided that the Funds have obtained prior to that time a favorable private letter ruling from the IRS concerning the tax consequences of the Reorganization as set forth in the Agreement and Plan of Reorganization.

THE BOARDS OF DIRECTORS OF MUNIYIELD CALIFORNIA INSURED II AND MUNIVEST CALIFORNIA INSURED RECOMMEND THAT THE STOCKHOLDERS OF THE RESPECTIVE FUNDS APPROVE THE AGREEMENT AND PLAN OF REORGANIZATION.

TERMS OF THE AGREEMENT AND PLAN OF REORGANIZATION

The following is a summary of the significant terms of the Agreement and

Plan of Reorganization. This summary is qualified in its entirety by reference to the Agreement and Plan of Reorganization, attached hereto as Exhibit I.

Valuation of Assets and Liabilities. The respective assets of MuniYield California Insured II and MuniVest California Insured will be valued on the business day prior to the Exchange Date (the "Valuation Date"). The valuation procedures are the same for both Funds: net asset value per share of the MuniYield California Insured II Common Stock and the MuniVest California Insured Common Stock will be

determined as of 15 minutes after the close of business on the NYSE (generally, 4:00 P.M., New York time) on the Valuation Date. For the purpose of determining the net asset value of a share of the MuniYield California Insured II Common Stock or the MuniVest California Insured Common Stock, the value of the securities held by the issuing Fund plus any cash or other assets (including interest accrued but not yet received) minus all liabilities (including accrued expenses) and the aggregate liquidation value of the outstanding shares of AMPS of the issuing Fund is divided by the total number of shares of Common Stock of the issuing Fund outstanding at such time. Daily expenses, including the fees payable to FAM, will accrue on the Valuation Date.

The California Municipal Bonds in which each Fund invests are traded primarily in the over-the-counter markets. In determining net asset value on the Valuation Date, each Fund will utilize the valuations of portfolio securities furnished by a pricing service approved by the Boards of Directors of the Funds. The pricing service typically values portfolio securities at the bid price or the yield equivalent when quotations are readily available. California Municipal Bonds for which quotations are not readily available will be valued at fair market value on a consistent basis as determined by the pricing service using a matrix system to determine valuations. The Boards of Directors of MuniYield California Insured II and MuniVest California Insured have determined in good faith that the use of a pricing service is a fair method of determining the valuation of portfolio securities. Positions in financial futures contracts will be valued on the Valuation Date at closing prices for such contracts established by the exchange on which they are traded, or if market quotations are not readily available, will be valued at fair value on a consistent basis using methods determined in good faith by the Board of Directors.

Distribution of MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS. On the Exchange Date, MuniYield California Insured II will issue to MuniVest California Insured a number of shares of MuniYield California Insured II Common Stock the aggregate net asset value of which will equal the aggregate net asset value of shares of MuniVest California Insured Common Stock on the Valuation Date. Each holder of MuniVest California Insured Common Stock will receive the number of shares of MuniYield California Insured II Common Stock corresponding to his or her proportionate interest in the aggregate net asset value of the MuniVest California Insured Common Stock.

On the Exchange Date, MuniYield California Insured II also will issue to MuniVest California Insured a number of shares of MuniYield California Insured II Series C AMPS the aggregate liquidation preference and value of which will equal the aggregate liquidation preference and value of MuniVest California Insured AMPS on the Valuation Date. Each holder of MuniVest California Insured AMPS will receive the number of shares of MuniYield California Insured II Series C AMPS corresponding to his or her proportionate interest in the aggregate liquidation preference and value of the MuniVest California Insured AMPS. No sales charge or fee of any kind will be charged to MuniVest California Insured stockholders in connection with their receipt of MuniYield California Insured II Common Stock or MuniYield California Insured II Series C AMPS in the Reorganization. It is anticipated that the MuniYield California Insured II Series C AMPS will follow a similar auction schedule and procedures as those presently followed by the MuniVest California Insured AMPS. As a result of the Reorganization, the last dividend period for the MuniVest California Insured AMPS prior to the Exchange Date may be shorter than the dividend period for such AMPS determined as set forth in the Articles Supplementary.

Expenses. MuniYield California Insured II shall pay, subsequent to the Exchange Date, all expenses incurred in connection with the Reorganization, including, but not limited to, all costs related to the

preparation and distribution of materials distributed to each Fund's Board of Directors, expenses incurred in connection with the preparation of the Agreement and Plan of Reorganization, a registration statement on Form N-14 and a private letter ruling request to the IRS, Commission and state securities commission filing fees and legal and audit fees in connection with the Reorganization, costs of printing and distributing this Proxy Statement and Prospectus, legal fees incurred preparing each Fund's board materials, attending each Fund's board meetings and preparing the minutes thereof, accounting fees associated with each Fund's financial statements, stock exchange fees, rating agency fees, portfolio transfer taxes (if any), and any similar expenses incurred in connection with the Reorganization. In this regard, expenses of the Reorganization will be deducted from the assets of the combined fund so as to be borne equally and exclusively on a per share basis by the holders of MuniYield California Insured II Common Stock and MuniVest California Insured Common Stock. Neither MuniYield California Insured II nor MuniVest California Insured shall pay any expenses of its respective stockholders arising out of or in connection with the Reorganization.

Required Approvals. Under MuniYield California Insured II's Articles of Incorporation (as amended to date and including Articles Supplementary establishing the powers, rights and preferences of the MuniYield California Insured II AMPS), relevant Maryland law and the rules of the NYSE, stockholder approval of the Agreement and Plan of Reorganization requires the affirmative vote of stockholders representing more than 50% of the outstanding shares of MuniYield California Insured II Common Stock and MuniYield California Insured II AMPS, voting together as a single class, and of the MuniYield California Insured II AMPS, voting separately as a class. Similarly, under MuniVest California Insured's Articles of Incorporation (as amended to date and including Articles Supplementary establishing the powers, rights and preferences of the MuniVest California Insured AMPS), relevant Maryland law and the rules of the NYSE, stockholder approval of the Agreement and Plan of Reorganization requires the affirmative vote of stockholders representing more than 50% of the outstanding shares of MuniVest California Insured Common Stock and MuniVest California Insured AMPS, voting together as a single class, and of the MuniVest California Insured AMPS, voting separately as a class.

Deregistration and Dissolution. Following the transfer of the assets and liabilities of MuniVest California Insured to MuniYield California Insured II and the distribution of shares of MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS to MuniVest California Insured stockholders, MuniVest California Insured will terminate its registration under the Investment Company Act and its incorporation under Maryland law and will withdraw its authority to do business in any state where it is required to do so.

Amendments and Conditions. The Agreement and Plan of Reorganization may be amended at any time prior to the Exchange Date with respect to any of the terms therein. The obligations of MuniYield California Insured II and MuniVest California Insured pursuant to the Agreement and Plan of Reorganization are subject to various conditions, including a registration statement on Form N-14 being declared effective by the Commission, approval of the Reorganization by the stockholders of MuniYield California Insured II and MuniVest California Insured, a favorable IRS ruling being received as to tax matters, an opinion of counsel being received as to securities matters and the continuing accuracy of various representations and warranties of MuniYield California Insured II and MuniVest California Insured being confirmed by the respective parties.

Postponement, Termination. Under the Agreement and Plan of Reorganization, the Board of Directors of either Fund may cause the Reorganization to be postponed or abandoned. The Agreement and Plan of Reorganization may be terminated, and the Reorganization abandoned, should either Board determine that it

is in the best interests of the stockholders of its respective Fund to do so. The Agreement and Plan of Reorganization may be terminated and the Reorganization abandoned at any time (whether before or after adoption thereof by the stockholders of each of MuniYield California Insured II and MuniVest California Insured) prior to the Exchange Date, or the Exchange Date may be postponed: (i) by mutual consent of the Boards of Directors of MuniYield California Insured II and MuniVest California Insured; (ii) by the Board of Directors of MuniYield California Insured II if any condition of MuniYield California Insured II's obligations set forth in Section 9 of the Agreement and Plan of Reorganization has not been fulfilled or waived by such Board; or (iii) by the Board of Directors of MuniVest California Insured if any condition of MuniVest California Insured's obligations set forth in Section 8 of the Agreement and Plan of Reorganization has not been fulfilled or waived by such Board.

POTENTIAL BENEFITS TO MUNIYIELD CALIFORNIA INSURED II COMMON STOCKHOLDERS AND MUNIVEST CALIFORNIA INSURED COMMON STOCKHOLDERS AS A RESULT OF THE REORGANIZATION

In approving the Reorganization, the Board of Directors of each Fund identified certain benefits that are likely to result from the Reorganization, including lower expenses per share of Common Stock, greater efficiency and flexibility in portfolio management and a more liquid trading market for the shares of Common Stock of the combined fund. With respect to MuniVest California Insured, following the Reorganization MuniVest California Insured stockholders will remain invested in a closed-end fund that has investment objectives and policies similar to that of MuniVest California Insured. The Boards also considered the possible risks and costs of combining the Funds, and examined the relative credit strength, maturity characteristics, mix of type and purpose, and yield of the Funds' portfolios of California Municipal Bonds and the costs involved in a transaction such as the Reorganization. The Boards noted the many similarities between the Funds, including their virtually identical investment objectives and investment policies, their common management and their similar portfolios of California Municipal Bonds. Based on these factors, the Boards concluded that the Reorganization (i) presents no significant risks that would outweigh the benefits discussed above and (ii) involves minimal costs (including relatively minor legal, accounting and administrative costs).

The surviving fund that would result from the Reorganization would have a larger asset base than either Fund has currently. Based on data presented by FAM, the Board of each Fund believes that administrative expenses for a larger combined fund would be less than the aggregate expenses for the individual Funds, resulting in a lower expense ratio for common stockholders of the combined fund and higher earnings per common share. In particular, certain fixed costs, such as costs of printing stockholder reports and proxy statements, legal expenses, audit fees, registration fees, mailing costs and other expenses will be spread across a larger asset base, thereby lowering the expense ratio for the combined fund. To illustrate the potential economies of scale, as of April 30, 1996, the total annualized operating expense ratio for MuniYield California Insured II was 0.69%, based on average net assets of approximately $282.6 million including AMPS, and 1.02%, based on average net assets of approximately $192.6 million excluding AMPS, and the total annualized operating expense ratio for MuniVest California Insured was 0.81%, based on average net assets of approximately $121.2 million including AMPS, and 1.21%, based on average net assets of approximately $81.2 million excluding AMPS. If the Reorganization had taken place on April 30, 1996, the overall operating expense ratio for the combined fund on a pro forma basis would have been 0.67%, based on average net assets of approximately $403.8 million including AMPS, and 0.98%, based on average net assets of approximately $273.8 million excluding AMPS.

Management projections estimate that MuniYield California Insured II will have net assets in excess of $387.9 million upon completion of the Reorganization. A larger asset base should provide benefits in portfolio management. After the Reorganization, MuniYield California Insured II should be able to purchase large amounts of Municipal Bonds at more favorable prices than either of the Funds separately and, with this greater purchasing power, request improvements in the terms of the Municipal Bonds (e.g., added indenture provisions covering call protection, sinking funds and audits for the benefit of large holders) prior to purchase.

Based on the foregoing, the Boards concluded that the Reorganization presents no significant risks or costs (including legal, accounting and administrative costs) that would outweigh the benefits discussed above.

In approving the Reorganization, the Board of Directors of each Fund determined that, with respect to net asset value and liquidation preference, the interests of existing stockholders of the Fund would not be diluted as a result of the Reorganization. Although the Reorganization is expected to result in a reduction in net asset value per share of the combined fund after the Reorganization of approximately $.01 as a result of the estimated costs of the Reorganization, management of each Fund expects that such costs would be recovered within 24 months after the Exchange Date due to a decrease in the operating expense ratio.

It is not anticipated that the Reorganization directly would benefit the holders of shares of MuniYield California Insured II AMPS or MuniVest California Insured AMPS; however, the Reorganization will not adversely affect the holders of shares of AMPS of either Fund and the expenses of the Reorganization will not be borne by the holders of shares of AMPS of either Fund.

SURRENDER AND EXCHANGE OF MUNIVEST CALIFORNIA INSURED STOCK CERTIFICATES

After the Exchange Date, each holder of an outstanding certificate or certificates formerly representing shares of MuniVest California Insured Common Stock or MuniVest California Insured AMPS, as the case may be, will be entitled to receive, upon surrender of his or her certificate or certificates, a certificate or certificates representing the number of shares of MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS distributable with respect to such holder's shares of MuniVest California Insured Common Stock or MuniVest California Insured AMPS, together with cash in lieu of any fractional shares. Promptly after the Exchange Date, the transfer agent for the MuniYield California Insured II Common Stock or, the MuniYield California Insured II Series C AMPS, as the case may be, will mail to each holder of certificates formerly representing shares of MuniVest California Insured Common Stock or MuniVest California Insured AMPS, as the case may be, a letter of transmittal for use in surrendering his or her certificates for certificates representing shares of MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS, as the case may be, and cash in lieu of any fractional shares.

PLEASE DO NOT SEND IN ANY STOCK CERTIFICATES AT THIS TIME. UPON CONSUMMATION OF THE REORGANIZATION, MUNIVEST CALIFORNIA INSURED COMMON AND PREFERRED STOCKHOLDERS WILL BE FURNISHED WITH INSTRUCTIONS FOR EXCHANGING THEIR MUNIVEST CALIFORNIA INSURED STOCK CERTIFICATES FOR MUNIYIELD CALIFORNIA INSURED II STOCK CERTIFICATES AND, IF APPLICABLE, CASH IN LIEU OF FRACTIONAL SHARES.

From and after the Exchange Date, certificates formerly representing shares of MuniVest California Insured Common Stock or MuniVest California Insured AMPS, as the case may be, will be deemed for all purposes to evidence ownership of the number of full shares of MuniYield California Insured II Common Stock or MuniYield California Insured II Series C AMPS distributable with respect to such shares of

Common Stock or AMPS of MuniVest California Insured in the Reorganization, provided that, until such MuniVest California Insured stock certificates have been surrendered, no dividends payable to the holders of record of MuniYield California Insured II Common Stock or MuniYield California Insured II Series C AMPS, as the case may be, as of any date subsequent to the Exchange Date will be paid to the holders of such outstanding MuniVest California Insured stock certificates. Dividends payable to holders of record of shares of MuniYield California Insured II Common Stock or MuniYield California Insured II Series C AMPS, as the case may be, as of any date after the Exchange Date and prior to the exchange of certificates by any MuniVest California Insured stockholder will be paid to such stockholder, without interest, at the time such stockholder surrenders his or her MuniVest California Insured stock certificates for exchange.

From and after the Exchange Date, there will be no transfers on the stock transfer books of MuniVest California Insured. If, after the Exchange Date, certificates representing shares of MuniVest California Insured Common Stock or MuniVest California Insured AMPS are presented to MuniYield California Insured II, they will be cancelled and exchanged for certificates representing MuniYield California Insured II Common Stock or MuniYield California Insured II Series C AMPS, as the case may be, and cash in lieu of fractional shares, if any, distributable with respect to such MuniVest California Insured Common Stock or MuniVest California Insured AMPS in the Reorganization.

TAX CONSEQUENCES OF THE REORGANIZATION

General. The Reorganization has been structured with the intention that it qualify for Federal income tax purposes as a tax-free reorganization under Section 368(a)(1)(C) of the Code. MuniYield California Insured II and MuniVest California Insured each has elected and qualified for the special tax treatment afforded RICs under the Code, and MuniYield California Insured II intends to continue to so qualify after the Reorganization. MuniYield California Insured II and MuniVest California Insured have jointly requested a private letter ruling from the IRS that for Federal income tax purposes: (i) the Reorganization, as described, will constitute a reorganization within the meaning of Section 368(a)(1)(C) of the Code, and MuniYield California Insured II and MuniVest California Insured will each be deemed a "party" to a Reorganization within the meaning of Section 368(b) of the Code; (ii) in accordance with Section 361(a) of the Code, no gain or loss will be recognized by MuniVest California Insured as a result of the Reorganization or on the distribution of MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS to MuniVest California Insured stockholders under Section 361(c)(1) of the Code; (iii) under Section 1032 of the Code, no gain or loss will be recognized by MuniYield California Insured II as a result of the Reorganization; (iv) in accordance with Section 354(a)(1) of the Code, no gain or loss will be recognized by the stockholders of MuniVest California Insured on the receipt of MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS in exchange for their corresponding MuniVest California Insured Common Stock and MuniVest California Insured AMPS (except to the extent that MuniVest California Insured common stockholders receive cash representing an interest in fractional shares of MuniYield California Insured II in the Reorganization); (v) in accordance with Section 362(b) of the Code, the tax basis of the MuniVest California Insured assets in the hands of MuniYield California Insured II will be the same as the tax basis of such assets in the hands of MuniVest California Insured immediately prior to the consummation of the Reorganization; (vi) in accordance with Section 358 of the Code, immediately after the Reorganization, the tax basis of the MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS received by the stockholders of MuniVest California Insured in the Reorganization will be equal, in the aggregate, to the tax basis of the MuniVest

California Insured Common Stock and the MuniVest California Insured AMPS surrendered in the exchange; (vii) in accordance with Section 1223 of the Code, a stockholder's holding period for the MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS will be determined by including the period for which such stockholder held the MuniVest California Insured Common Stock or MuniVest California Insured AMPS exchanged therefor, provided, that such MuniVest California Insured shares were held as a capital asset; (viii) in accordance with Section 1223 of the Code, MuniYield California Insured II's holding period with respect to the MuniVest California Insured assets transferred will include the period for which such assets were held by MuniVest California Insured; (ix) the payment of cash to MuniVest California Insured stockholders in lieu of fractional shares of MuniYield California Insured II will be treated as though the fractional shares were distributed as part of the Reorganization and then redeemed, with the result that such MuniVest California Insured stockholders will have short- or long-term capital gain or loss to the extent that the cash distribution differs from the basis allocable to the MuniYield California Insured II fractional shares; and (x) the taxable year of MuniVest California Insured will end on the effective date of the Reorganization and pursuant to Section 381(a) of the Code and regulations thereunder, MuniYield California Insured II will succeed to and take into account certain tax attributes of MuniVest California Insured, such as earnings and profits, capital loss carryovers and method of accounting.

As noted in the discussion under "Comparison of the Funds -- Tax Rules Applicable to MuniYield California Insured II, MuniVest California Insured and Their Stockholders", a Fund must distribute annually at least 90% of its net taxable and tax-exempt income. A distribution only will be counted for this purpose if it qualifies for the dividends paid deduction under the Code. In the opinion of Brown & Wood LLP, the issuance of MuniYield California Insured II Series C AMPS pursuant to the Reorganization in addition to the already existing MuniYield California Insured II Series A AMPS and Series B AMPS will not cause distributions on any series of AMPS to be treated as preferential dividends ineligible for the dividends paid deduction. It is possible that the IRS may assert that, because there are three series of AMPS, distributions on such shares are preferential under the Code and therefore not eligible for the dividends paid deduction. If the IRS successfully disallowed the dividends paid deduction for dividends on the AMPS, MuniYield California Insured II could lose the special tax treatment afforded RICs. In this case, dividends on the shares of AMPS would not be exempt from Federal income tax. Additionally, MuniYield California Insured II would be subject to the alternative minimum tax.

Under Section 381(a) of the Code, MuniYield California Insured II will succeed to and take into account certain tax attributes of MuniVest California Insured, including, but not limited to, earnings and profits, any net operating loss carryovers, any capital loss carryovers and method of accounting. The Code, however, contains special limitations with regard to the use of net operating losses, capital losses and other similar items in the context of certain reorganizations, including tax-free reorganizations pursuant to Section 368(a)(1)(C) of the Code, which could reduce the benefit of these attributes to MuniYield California Insured II.

Stockholders should consult their tax advisers regarding the effect of the Reorganization in light of their individual circumstances. As the foregoing relates only to Federal income tax consequences, stockholders also should consult their tax advisers as to the foreign, state and local tax consequences of the Reorganization.

Status as a Regulated Investment Company. Both MuniYield California Insured II and MuniVest California Insured have elected and qualified for taxation as RICs under Sections 851-855 of the Code, and after the Reorganization MuniYield California Insured II intends to continue to so qualify.

CAPITALIZATION

The following table sets forth as of April 30, 1996 (i) the capitalization of MuniYield California Insured II, (ii) the capitalization of MuniVest California Insured and (iii) the pro forma capitalization of MuniYield California Insured II as adjusted to give effect to the Reorganization.

PRO FORMA CAPITALIZATION OF MUNIYIELD CALIFORNIA INSURED II, MUNIVEST CALIFORNIA INSURED AND THE COMBINED FUND AS OF APRIL 30, 1996 (UNAUDITED)

<TABLE>
<CAPTION>

	MUNIYIELD CALIFORNIA INSURED II	MUNIVEST CALIFORNIA INSURED	PRO FORMA ADJUSTMENT	COMBINED FUND AS ADJUSTED(A)

<S>	<C>	<C>	<C>	<C>
Net Assets:......................	$273,044,369	$117,069,481	$(2,258,888)(a)	$387,854,962
Net Assets Attributable to Common Stock.............	$183,044,369	$77,069,481	$(2,258,888)	$257,854,962
Net Assets Attributable to AMPS.....................	$90,000,000	$40,000,000	--	$130,000,000
Shares Outstanding:				
Common Stock...............	12,678,633	5,961,365	--	18,036,505(b)
AMPS				
Series A..............	1,800	1,600	--	1,800
Series B..............	1,800	--	--	1,800
Series C..............	--	--	--	1,600(b)
Net Asset Value Per Share:				
Common Stock...........	$14.44	$12.93	--	$14.30(c)
AMPS...................	$25,000	$25,000	--	$25,000

</TABLE>

(a) The adjusted balances are presented as if the Reorganization had been consummated on April 30, 1996 and are for informational purposes only. Assumes distribution of undistributed net investment income and accrual of estimated Reorganization expenses of $207,000. No assurance can be given as to how many shares of MuniYield California Insured II Common Stock that MuniVest California Insured stockholders will receive on the Exchange Date, and the foregoing should not be relied upon to reflect the number of shares of MuniYield California Insured II Common Stock that actually will be received on or after such date.

(b) Assumes the issuance of 5,357,872 shares of MuniYield California Insured II Common Stock and a newly-created series of AMPS consisting of 1,600 shares in exchange for the net assets of MuniVest California Insured. The estimated number of shares issued was based on the net asset value of each Fund, net of distributions, on April 30, 1996 of net investment income of $1,631,798 for MuniYield California Insured II and $406,542 for MuniVest California Insured.

(c) Net Asset Value Per Share of Common Stock after Reorganization-related expenses and distribution of undistributed net investment income.

ELECTION OF DIRECTORS

At the Meetings, the Boards of Directors for MuniYield California Insured II and MuniVest California Insured will be elected to serve until the next Annual Meeting of Stockholders and until their successors are elected and qualified. If the stockholders of both MuniYield California Insured II and MuniVest California Insured approve the Reorganization, then the Board of Directors of MuniYield California Insured II elected at the Meetings will serve as the Board of the combined fund, until its next Annual Meeting of Stockholders and until their successors are elected and qualified. If the stockholders of either MuniYield California Insured II or MuniVest California Insured vote against the Reorganization, then the Board of Directors of each Fund elected at the Meetings will continue to serve until the next Annual Meeting of Stockholders of that Fund and until their successors are elected and qualified. It is intended that all properly executed proxies will be voted (unless such authority has been withheld in the proxy) as follows:

With respect to the proxies of MuniYield California Insured II stockholders:

(1) All proxies of the holders of shares of MuniYield California Insured II AMPS, voting separately as a class, will be voted in favor of the two persons designated as Directors to be elected by the holders of shares of MuniYield California Insured II AMPS; and

(2) All proxies of the holders of shares of MuniYield California Insured II Common Stock and MuniYield California Insured II AMPS, voting together as a single class, will be voted in favor of the four persons designated as Directors to be elected by the holders of MuniYield California Insured II Common Stock and MuniYield California Insured II AMPS.

With respect to the proxies of MuniVest California Insured stockholders:

(1) All proxies of the holders of shares of MuniVest California Insured AMPS, voting separately as a class, will be voted in favor of the two persons designated as Directors to be elected by the holders of shares of MuniVest California Insured AMPS; and

(2) All proxies of the holders of shares of MuniVest California Insured Common Stock and MuniVest California Insured AMPS, voting together as a single class, will be voted in favor of the four persons designated as

Directors to be elected by the holders of shares of MuniVest California Insured Common Stock and MuniVest California Insured AMPS.

The Boards of Directors of MuniYield California Insured II and MuniVest California Insured know of no reason why any of these nominees will be unable to serve, but in the event of any such unavailability, the proxies received will be voted for such substitute nominee or nominees as the Boards of Directors may recommend.

Certain information concerning the nominees for the Board of Directors of MuniYield California Insured II, including their designated classes, is set forth below.

TO BE ELECTED BY HOLDERS OF MUNIYIELD CALIFORNIA INSURED II AMPS, VOTING SEPARATELY AS A CLASS

<TABLE>
<CAPTION>

NAME AND ADDRESS OF NOMINEE	AGE	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS AND PUBLIC DIRECTORSHIPS(1)	DIRECTOR SINCE	SHARES BENEFICIALLY OWNED ON THE RECORD DATE COMMON STOCK	AMPS
<S>	<C>	<C>	<C>	<C>	<C>
Joseph L. May (2).................. 424 Church Street, Suite 2000 Nashville, Tennessee 37219	67	Attorney in private practice since 1984; President, May and Athens Hosiery Mills Division, Wayne-Gossard Corporation from 1954 to 1983; Vice President, Wayne-Gossard Corporation from 1972 to 1983; Chairman, The May Corporation (personal holding company) from 1972 to 1983; Director, Signal Apparel Co. from 1972 to 1989.	1993	0	0
Andre F. Perold (2)................ Morgan Hall, Soldiers Field Boston, Massachusetts 02163	44	Professor, Harvard Business School since 1989 and Associate Professor from 1983 to 1989; Trustee, The Common Fund, since 1989; Director, Quantec Limited since 1991 and Teknekron Software Systems since 1994.	1993	0	0

</TABLE>

(See footnotes on page 62)

TO BE ELECTED BY HOLDERS OF MUNIYIELD CALIFORNIA INSURED II AMPS AND MUNIYIELD CALIFORNIA INSURED II COMMON STOCK, VOTING TOGETHER AS A SINGLE CLASS

<TABLE>
<CAPTION>

NAME AND ADDRESS OF NOMINEE	AGE	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS AND PUBLIC DIRECTORSHIPS(1)	DIRECTOR SINCE	SHARES BENEFICIALLY OWNED ON THE RECORD DATE COMMON STOCK	AMPS
<S>	<C>	<C>	<C>	<C>	<C>
James H. Bodurtha (2)............. 124 Long Pond Road Plymouth, Massachusetts 02360	52	Chairman and Chief Executive Officer, China Enterprise Management Corporation since 1993; Chairman, Berkshire Corporation since 1980; Partner, Squire, Sanders & Dempsey from 1980 to	1995	0	0

		1993.			
Herbert I. London (2)............. 113-115 University Place New York, New York 10003	57	Dean, Gallatin Division of New York University from 1978 to 1993; John M. Olin Professor of Humanities, since 1993 and Professor since 1980, New York University; Distinguished Fellow, Herman Kahn Chair, Hudson Institute from 1984 to 1985; Trustee, Hudson Institute since 1980; Overseer, Center for Naval Analyses from 1983 to 1993; Director, Damon Corporation since 1991.	1993	0	0

</TABLE>

(See footnotes on following page)

<TABLE>
<CAPTION>

NAME AND ADDRESS OF NOMINEE	AGE	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS AND PUBLIC DIRECTORSHIPS(1)	DIRECTOR SINCE	SHARES BENEFICIALLY OWNED ON THE RECORD DATE: COMMON STOCK	AMPS
<S>	<C>	<C>	<C>	<C>	<C>
Robert R. Martin (2).............. 513 Grand Hill, St. Paul, Minnesota 55102	69	Director, WTC Industries, Inc. from 1994 to 1996; Chairman and Chief Executive Officer, Kinnard Investments, Inc. from 1990 to 1993; Executive Vice President, Dain Bosworth from 1974 to 1989; Director, Carnegie Capital Management from 1977 to 1985 and Chairman thereof in 1979; Director, Securities Industry Association from 1981 to 1982 and Public Securities Association from 1979 to 1980; Trustee, Northland College since 1992.	1993	0	0

</TABLE>

<TABLE>

<S>	<C>	<C>	<C>	<C>	<C>
Arthur Zeikel (3)................. 800 Scudders Mill Road Plainsboro, New Jersey 08536	64	President of FAM (which term as used herein includes its corporate predecessors) since 1977; President of MLAM (which term as used herein includes its corporate predecessors) since 1977; President and Director of Princeton Services, Inc. ("Princeton Services") since 1993; Executive Vice President of ML & Co. since 1990; Director of Merrill Lynch Funds Distributor, Inc. ("MLFD") since 1977.	1993	0	0

</TABLE>

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(1) Each of the nominees is a director, trustee or member of an advisory board of certain other investment companies for which FAM or MLAM acts as investment adviser. See "Compensation of Directors" below.

(2) Member of the Audit Committee of the Board of Directors.

(3) Interested person, as defined in the Investment Company Act, of the Fund.

Certain information concerning the nominees for the Board of Directors of MuniVest California Insured, including their designated classes, is set forth below.

TO BE ELECTED BY HOLDERS OF MUNIVEST CALIFORNIA INSURED AMPS, VOTING SEPARATELY AS A CLASS

NAME AND ADDRESS OF NOMINEE	AGE	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS AND PUBLIC DIRECTORSHIPS(1)	DIRECTOR SINCE	SHARES BENEFICIALLY OWNED ON THE RECORD DATE: COMMON STOCK	AMPS
Donald Cecil (2) Cumberland Associates 1114 Avenue of the Americas New York, New York 10036	69	Special Limited Partner of Cumberland Partners (an investment partnership) since 1982; Member of Institute of Chartered Financial Analysts; Member and Chairman of Westchester County (N.Y.) Board of Transportation.	1992	0	0
M. Colyer Crum (2) Soldiers Field Road Boston, Massachusetts 02163	64	James R. Williston Professor of Investment Management, Harvard Business School, from 1971 to 1996; Director of Cambridge Bancorp, Copley Properties, Inc. and Sun Life Assurance Company of Canada.	1992	0	0

(See footnotes on page 65)

TO BE ELECTED BY HOLDERS OF MUNIVEST CALIFORNIA INSURED AMPS AND MUNIVEST CALIFORNIA INSURED COMMON STOCK, VOTING TOGETHER AS A SINGLE CLASS

NAME AND ADDRESS OF NOMINEE	AGE	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS AND PUBLIC DIRECTORSHIPS(1)	DIRECTOR SINCE	SHARES BENEFICIALLY OWNED ON THE RECORD DATE: COMMON STOCK	AMPS
Edward H. Meyer (2) Grey Advertising Inc. 777 Third Avenue New York, New York 10017	69	President of Grey Advertising Inc. since 1968, Chief Executive Officer since 1970 and Chairman of the Board of Directors since 1972; Director of The May Department Stores Company, Bowne & Co., Inc. (financial printers), Ethan Allen Interiors, Inc. and Harman International Industries, Inc.	1992	0	0

<TABLE>

<S>	<C>	<C>	<C>	<C>	<C>
Jack B. Sunderland (2)............ P.O. Box 7 West Cornwall, Connecticut 06796	67	President and Director of American Independent Oil Company, Inc. (an energy company) since 1987; Member of Council on Foreign Relations since 1971.	1992	0	0
J. Thomas Touchton (2)............ Suite 3405 One Tampa City Center Tampa, Florida 33602	57	Managing Partner of The Witt-Touchton Company and its predecessor The Witt Co. (a private investment partnership) since 1972; Trustee Emeritus of Washington and Lee University; Director of TECO Energy, Inc. (an electric utility holding company).	1992	0	0

(See footnotes on following page)

</TABLE>

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NAME AND ADDRESS OF NOMINEE	AGE	PRINCIPAL OCCUPATIONS DURING THE PAST FIVE YEARS AND PUBLIC DIRECTORSHIPS(1)	DIRECTOR SINCE	SHARES BENEFICIALLY OWNED ON THE RECORD DATE COMMON STOCK	AMPS
<S>	<C>	<C>	<C>	<C>	<C>
Arthur Zeikel (3).................. 800 Scudders Mill Road Plainsboro, New Jersey 08536	64	President of FAM since 1977; President of MLAM since 1977; President and Director of Princeton Services since 1993; Executive Vice President of ML & Co. since 1990; Director of MLFD since 1977.	1992	0	0

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(1) Each of the nominees is a director, trustee or member of an advisory board of certain other investment companies for which FAM or MLAM acts as investment adviser. See "Compensation of Directors" below.

(2) Member of the Audit Committee of the Board of Directors.

(3) Interested person, as defined in the Investment Company Act, of the Fund.

COMMITTEE AND BOARD MEETINGS

The Board of Directors of each Fund has a standing Audit Committee, which consists of the Directors who are not "interested persons", as defined in the Investment Company Act, of the Fund. The principal purpose of the Audit Committee is to review the scope of the annual audit conducted by each Fund's independent auditors and the evaluation by such auditors of the accounting procedures followed by the Fund. The non-interested Directors have retained independent legal counsel to assist them in connection with these duties. Neither Board of Directors has a nominating committee. During the fiscal year ended October 31, 1995, the Boards of Directors and the Audit Committees of MuniYield California Insured II and MuniVest California Insured each held four quarterly meetings. All of the Directors of each Fund then in office attended at least 75% of the total number of meetings of the Board of Directors and the total number of meetings held by all of the committees of the Board on which they served during such period.

COMPLIANCE WITH SECTION 16(A) OF THE SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Securities Exchange Act"), requires each Fund's officers, Directors and persons who own more than ten percent of a registered class of the Fund's equity securities, to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the Commission and the NYSE. Officers, Directors and greater than ten percent stockholders are required by Commission regulations to furnish the Fund with copies of all Forms 3, 4 and 5 that they file.

Based solely on each Fund's review of the copies of such forms, and amendments thereto, furnished to it during or with respect to its most recent fiscal year, and written representations from certain reporting persons that they were not required to file Forms 5 with respect to the most recent fiscal year, each Fund believes that all of its officers, Directors, greater than ten percent beneficial owners and other persons subject to Section 16 of the Securities Exchange Act because of the requirements of Section 30 of the Investment Company Act (i.e., any advisory board member, investment adviser or affiliated person of the Fund's investment adviser),

have complied with all filing requirements applicable to them with respect to transactions during the Fund's most recent fiscal year, except that James H. Bodurtha inadvertently filed late a Form 3 to report his election as a Director of MuniYield California Insured II.

INTERESTED PERSONS

Each Fund considers Mr. Zeikel to be an "interested person" of the Fund within the meaning of Section 2(a)(19) of the Investment Company Act as a result of the positions he holds with FAM and its affiliates. Mr. Zeikel is the President of each Fund, the President of FAM and the President of MLAM.

COMPENSATION OF DIRECTORS

FAM, the investment adviser for MuniYield California Insured II and MuniVest California Insured, pays all compensation of all officers of each Fund and all Directors of each Fund who are affiliated with ML & Co. or its subsidiaries. MuniYield California Insured II pays each Director who is not affiliated with FAM a fee of $2,500 per year plus $250 per regular meeting attended, together with such Director's actual out-of-pocket expenses relating to attendance at meetings. The Fund also compensates members of its Audit Committee, which consists of all of the non-interested Directors. These fees and expenses for the fiscal year ended October 31, 1995 aggregated $23,667 for MuniYield California Insured II.

MuniVest California Insured pays each Director who is not affiliated with FAM a fee of $2,500 per year plus $250 per regular meeting attended, together with such Director's actual out-of-pocket expenses relating to attendance at meetings. The Fund also compensates members of its Audit Committee, which consists of all of the non-interested Directors. These fees and expenses for the fiscal year ended October 31, 1995 aggregated $22,690 for MuniVest California Insured.

The following table sets forth compensation paid by MuniYield California Insured II to the non-interested Directors for the fiscal year ended October 31, 1995, and for the calendar year ended December 31, 1995, the aggregate compensation paid by all registered investment companies advised by FAM and its affiliate, MLAM ("FAM/MLAM Advised Funds"), to the non-interested Directors.

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NAME OF DIRECTOR	COMPENSATION FROM THE FUND	PENSION OR RETIREMENT BENEFITS ACCRUED AS PART OF FUND EXPENSES	TOTAL COMPENSATION FROM THE FUND AND FAM/MLAM ADVISED FUNDS PAID TO DIRECTORS
<S>	<C>	<C>	<C>
James H. Bodurtha(1)..........................	$5,000	None	$157,500*
Herbert I. London(1)..........................	$4,500	None	$157,500
Robert R. Martin(1)...........................	$4,500	None	$157,500
Joseph L. May(1)..............................	$4,500	None	$157,500
Andre F. Perold(1)............................	$4,500	None	$157,500

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* $157,500 represents the amount Mr. Bodurtha would have received if he had been a Director for the entire calendar year ended December 31, 1995 and had attended all Board and Audit Committee meetings held. Mr. Bodurtha was elected to the Fund's Board of Directors effective June 23, 1995.

(1) The Directors serve on the boards of MLAM/FAM Advised Funds as follows: Mr. Bodurtha (22 registered investment companies consisting of 46 portfolios); Mr. London (22 registered investment companies consisting of 46 portfolios); Mr. Martin (22 registered investment companies consisting of 46 portfolios); Mr. May (22 registered investment companies consisting of 46 portfolios); and Mr. Perold (22 registered investment companies consisting of 46 portfolios).

The following table sets forth compensation paid by MuniVest California Insured to the non-interested Directors for the fiscal year ended October 31, 1995, and for the calendar year ended December 31, 1995, the aggregate compensation paid by FAM/MLAM Advised Funds, to the non-interested Directors.

NAME OF DIRECTOR	COMPENSATION FROM THE FUND	PENSION OR RETIREMENT BENEFITS ACCRUED AS PART OF FUND EXPENSES	AGGREGATE COMPENSATION FROM THE FUND AND FAM/MLAM ADVISED FUNDS PAID TO DIRECTORS
Donald Cecil(1)............................	$4,500	None	$271,850
M. Colyer Crum(1)...........................	$4,500	None	$126,600
Edward H. Meyer(1)..........................	$4,500	None	$239,225
Jack B. Sunderland(1).......................	$4,500	None	$134,600
J. Thomas Touchton(1).......................	$4,500	None	$134,600

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(1) The Directors serve on the boards of MLAM/FAM Advised Funds as follows: Mr. Cecil (36 registered investment companies consisting of 36 portfolios); Mr. Crum (18 registered investment companies consisting of 18 portfolios); Mr. Meyer (36 registered investment companies consisting of 36 portfolios); Mr. Sunderland (20 registered investment companies consisting of 29 portfolios); and Mr. Touchton (20 registered investment companies consisting of 29 portfolios).

OFFICERS OF THE FUNDS

The Boards of Directors of MuniYield California Insured II and MuniVest California Insured have elected the following officers of each of the Funds. The principal business address of each officer is 800 Scudders Mill Road, Plainsboro, New Jersey 08536. The following sets forth information concerning each of these officers:

NAME AND PRINCIPAL OCCUPATION	OFFICE	AGE	OFFICER SINCE
Arthur Zeikel.. President of FAM and MLAM since 1977; President and Director of Princeton Services since 1993; Executive Vice President of ML & Co. since 1990; Director of MLFD since 1977.	President	64	1992
Terry K. Glenn... Executive Vice President of FAM and of MLAM since 1983; Executive Vice President and Director of Princeton Services since 1993; President of MLFD since 1986 and Director thereof since 1991; President of Princeton Administrators, L.P., since 1988.	Executive Vice President	55	1992
Vincent R. Giordano.................................... Senior Vice President of FAM and of MLAM since 1984; Senior Vice President of Princeton Services since 1993.	Senior Vice President	51	1992
Kenneth A. Jacob....................................... Vice President of FAM and of MLAM since 1984; employed by MLAM since 1978.	Vice President	45	1992

NAME AND PRINCIPAL OCCUPATION	OFFICE	AGE	OFFICER SINCE
Donald C. Burke.. Vice President and Director of Taxation of MLAM since 1990; Employee at Deloitte & Touche LLP from 1982 to 1990.	Vice President	36	1993
Roberto Roffo..	Portfolio Manager	30	1992

Vice President of MLAM since 1996 and a Portfolio Manager thereof since 1992; prior thereto, employee of State Street Bank and Trust Company from 1989 to 1992.			
Gerald M. Richard......................................	Treasurer	47	1992
Senior Vice President and Treasurer of FAM and of MLAM since 1984; Senior Vice President and Treasurer of Princeton Services since 1993; Treasurer of MLFD since 1981 and Vice President thereof since 1984.			
Mark B. Goldfus..	Secretary	49	1992
Vice President of FAM and of MLAM since 1985.			

</TABLE>

SELECTION OF INDEPENDENT AUDITORS

The Boards of Directors of MuniYield California Insured II and MuniVest California Insured, including a majority of the Directors who are not "interested persons", as defined in the Investment Company Act, of the Fund, have selected the firm of Deloitte & Touche LLP as independent auditors, to audit the financial statements of the Funds for the current fiscal year ending October 31, 1996.

The Funds know of no direct or indirect financial interest of such firm in the Funds. Such appointment is subject to ratification or rejection by the stockholders of the Funds. If the stockholders of both MuniYield California Insured II and MuniVest California Insured approve the Reorganization, then the independent auditors selected at the Meetings for MuniYield California Insured II will serve as the independent auditors of the combined Fund. If the stockholders of either MuniYield California Insured II or MuniVest California Insured vote against the Reorganization, then the independent auditors of each Fund selected at the Meetings will continue to serve until the next Annual Meeting of Stockholders of each Fund. Unless a contrary specification is made, the accompanying proxy will be voted in favor of ratification of the selection of such auditors.

Deloitte & Touche LLP also acts as independent auditors for ML & Co. and all of its subsidiaries and for most other investment companies for which FAM or MLAM acts as investment adviser. The fees received by Deloitte & Touche LLP from these other entities are substantially greater, in the aggregate, than the total fees received by it from the Funds. The Boards of Directors of MuniYield California Insured II and MuniVest California Insured considered the fact that Deloitte & Touche LLP has been retained as the independent auditors of ML & Co. and the other entities described above in its evaluation of the independence of Deloitte & Touche LLP with respect to MuniYield California Insured II and MuniVest California Insured.

Representatives of Deloitte & Touche LLP are expected to be present at the Meetings and will have the opportunity to make a statement if they so desire and to respond to questions from stockholders.

INFORMATION CONCERNING THE ANNUAL MEETINGS

DATE, TIME AND PLACE OF MEETINGS

The Meetings will be held on September 30, 1996 at the offices of MLAM, 800 Scudders Mill Road, Plainsboro, New Jersey at 11:30 A.M., New York time (for MuniYield California Insured II) and 11:15 A.M., New York time (for MuniVest California Insured).

SOLICITATION, REVOCATION AND USE OF PROXIES

A stockholder executing and returning a proxy has the power to revoke it at any time prior to its exercise by executing a superseding proxy or by submitting a notice of revocation to the Secretary of MuniYield California Insured II or MuniVest California Insured, as the case may be. Although mere attendance at the Meetings will not revoke a proxy, a stockholder present at the Meetings may withdraw his proxy and vote in person.

All shares represented by properly executed proxies returned to the respective Fund, unless such proxies previously have been revoked, will be voted at the Meetings in accordance with the directions on the proxies; if no direction is indicated, the shares will be voted "FOR" (i) the approval of the Agreement and Plan of Reorganization, (ii) the election of Directors and (iii) the ratification of the selection of Deloitte & Touche LLP as independent accountants.

It is not anticipated that any matters other than (i) the adoption of the Agreement and Plan of Reorganization, (ii) the election of Directors and (iii) the ratification of the selection of Deloitte & Touche LLP will be brought before the Meetings. If, however, any other business properly is brought before the Meetings, proxies will be voted in accordance with the judgment of the persons designated on such proxies.

RECORD DATE AND OUTSTANDING SHARES

Only holders of record of shares of MuniYield California Insured II Common Stock, MuniYield California Insured II AMPS, MuniVest California Insured Common Stock and MuniVest California Insured AMPS at the close of business on the Record Date are entitled to vote at the Meetings or any adjournment thereof. At the close of business on the Record Date, there were 12,678,633 shares of MuniYield California Insured II Common Stock, 3,600 shares of MuniYield California Insured II AMPS, 5,961,365 shares of MuniVest California Insured Common Stock and 1,800 shares of MuniVest California Insured AMPS issued and outstanding and entitled to vote.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT
OF MUNIYIELD CALIFORNIA INSURED II AND MUNIVEST CALIFORNIA INSURED

To the knowledge of MuniYield California Insured II and MuniVest California Insured, at the date hereof, no person or entity owns beneficially 5% or more of the shares of any of the MuniYield California Insured II Common Stock, the MuniYield California Insured II AMPS, the MuniVest California Insured Common Stock or the MuniVest California Insured AMPS.

On the Record Date, the Directors and officers of MuniYield California Insured II as a group (10 persons) owned an aggregate of less than 1% of the outstanding shares of MuniYield California Insured II Common Stock and MuniYield California Insured II AMPS.

On the Record Date, the Directors and officers of MuniVest California Insured as a group (10 persons) owned an aggregate of less than 1% of the outstanding shares of MuniVest California Insured Common Stock and MuniVest California Insured AMPS.

On the Record Date, Mr. Zeikel, a Director and officer of each of the Funds and the other Directors and officers of each Fund owned an aggregate of less than 1% of the outstanding shares of Common Stock of ML & Co.

VOTING RIGHTS AND REQUIRED VOTE

For purposes of this Proxy Statement and Prospectus, each share of MuniYield California Insured II Common Stock, MuniYield California Insured II AMPS, MuniVest California Insured Common Stock and MuniVest California Insured AMPS is entitled to one vote. Approval of the Agreement and Plan of Reorganization requires the affirmative vote of stockholders representing a majority of the outstanding shares of MuniYield California Insured II Common Stock and MuniYield California Insured II AMPS, voting together as a single class, and of the MuniYield California Insured II AMPS, voting separately as a class, as well as the affirmative vote of stockholders representing a majority of the outstanding shares of MuniVest California Insured Common Stock and MuniVest California Insured AMPS, voting together as a single class, and of the MuniVest California Insured AMPS, voting separately as a class.

Under Maryland law, stockholders of a registered investment company whose shares are traded publicly on a national securities exchange, such as MuniVest California Insured, are not entitled to demand the fair value of their shares upon a transfer of assets; therefore, the MuniVest California Insured common stockholders will be bound by the terms of the Reorganization. However, any common stockholder of MuniVest California Insured may sell his or her shares of Common Stock at any time on the NYSE. Conversely, since the MuniVest California Insured AMPS are not traded publicly on a national securities exchange, stockholders of MuniVest California Insured AMPS will be entitled to appraisal rights upon the consummation of the Reorganization. As stockholders of the corporation acquiring the assets of MuniVest California Insured, neither holders of MuniYield California Insured II Common Stock nor holders of MuniYield California Insured II AMPS are entitled to appraisal rights under Maryland law.

Under Maryland law, a holder of MuniVest California Insured AMPS desiring to receive payment of the fair value of his or her stock (an "objecting stockholder") (i) must file with MuniVest California Insured a written objection to the Reorganization at or before the Meeting, (ii) must not vote in favor of the Reorganization and (iii) must make written demand on MuniYield California Insured II for payment of his or her stock, stating the number and class of shares for which he or she demands payment, within 20 days after the Maryland Department of Assessments and Taxation accepts for filing the Articles of Transfer with respect to the Reorganization (MuniYield California Insured II is required promptly to give written notice to all objecting stockholders of the date that the Articles of Transfer are accepted for record). An objecting stockholder who fails to adhere to this procedure will be bound by the terms of the Reorganization. An objecting stockholder ceases to have any rights of a stockholder except the right to receive fair value for his or her shares and has no right to receive any dividends or distributions payable to such holders on a record date

after the close of business on the date on which fair value is to be determined, which, for these purposes, will be the date of the Meeting. A demand for payment of fair market value may not be withdrawn, except upon the consent of MuniYield California Insured II. Within 50 days after the Articles of Transfer have been accepted for filing, an objecting stockholder who has not received payment for his or her shares may petition a court located in Baltimore, Maryland for an appraisal to determine the fair market value of his or her stock.

For purposes of each Meeting, a quorum consists of a majority of the shares entitled to vote at the Meeting, present in person or by proxy. If, by the time scheduled for each Meeting, a quorum of the applicable Fund's stockholders is not present or if a quorum is present but sufficient votes in favor of the Agreement and Plan of Reorganization are not received from the stockholders of the applicable Fund, the persons named as proxies may propose one or more adjournments of the Meeting to permit further solicitation of proxies from stockholders. Any such adjournment will require the affirmative vote of a majority of the shares of the applicable Fund present in person or by proxy and entitled to vote at the session of the meeting to be adjourned. The persons named as proxies will vote in favor of any such adjournment if they determine that adjournment and additional solicitation are reasonable and in the interests of the applicable Fund's stockholders.

With respect to the election of Directors, holders of shares of MuniYield California Insured II AMPS are entitled to elect two Directors of MuniYield California Insured II and holders of shares of MuniYield California Insured II Common Stock and MuniYield California Insured II AMPS, voting together as a single class, are entitled to elect the remaining Directors of MuniYield California Insured II; similarly, holders of shares of MuniVest California Insured AMPS are entitled to elect two Directors of MuniVest California Insured and holders of shares of MuniVest California Insured Common Stock and MuniVest California Insured AMPS, voting together as a single class, are entitled to elect the remaining Directors of MuniVest California Insured. Assuming a quorum is present, (x) election of the two Directors of MuniYield California II or MuniVest California Insured, as the case may be, to be elected by the holders of shares of MuniYield California Insured II AMPS or MuniVest California Insured AMPS, respectively, voting separately as a class, will require the affirmative vote of a majority of the votes cast by holders of that Fund's AMPS, represented at the Meetings and entitled to vote; and (y) election of the remaining Directors of MuniYield California Insured II or MuniVest California Insured, as the case may be, will require the affirmative vote of a majority of the votes cast by holders of their respective Common Stock and AMPS, represented at the Meetings and entitled to vote, voting together as a single class.

Approval of the ratification of the selection of Deloitte & Touche LLP as the independent auditors of MuniYield California Insured II and MuniVest California Insured will require the affirmative vote of a majority of the votes cast by holders of each Fund's Common Stock and AMPS represented at the Meetings and entitled to vote, voting together as a single class.

ADDITIONAL INFORMATION

The expenses of preparation, printing and mailing of the enclosed form of proxy, the accompanying Notice and this Proxy Statement and Prospectus will be borne by MuniYield California Insured II, the surviving fund after the Reorganization, so as to be borne equally and exclusively on a per share basis by the holders of MuniYield California Insured II Common Stock and MuniVest California Insured Common Stock.

MuniYield California Insured II and MuniVest California Insured likewise will reimburse banks, brokers and others for their reasonable expenses in forwarding proxy solicitation materials to the beneficial owners of shares of MuniYield California Insured II and MuniVest California Insured and certain persons that MuniYield California Insured II or MuniVest California Insured may employ for their reasonable expenses in assisting in the solicitation of proxies from such beneficial owners of shares of capital stock of MuniYield California Insured II or MuniVest California Insured.

In order to obtain the necessary quorum at the Meetings (i.e., a majority of the shares of each class of each Fund's securities entitled to vote at the Meetings, present in person or by proxy), supplementary solicitation may be made by mail, telephone, telegraph or personal interview by officers of the Fund. The Funds also may hire proxy solicitors at the expense of MuniYield California Insured II. It is anticipated that the cost of such supplementary solicitation, if any, will be nominal.

Broker-dealer firms, including Merrill Lynch, holding Fund shares in "street name" for the benefit of their customers and clients will request the instructions of such customers and clients on how to vote their shares on each proposal before the Meetings. The Funds understand that, under the rules of the NYSE, such broker-dealer firms may, without instructions from their customers and clients, grant authority to the proxies designated to vote on the election of a Board of Directors of each Fund to serve for the ensuing year (proposal 2) and the ratification of the selection of Deloitte & Touche LLP as independent auditors for each Fund for the current fiscal year (proposal 3) if no instructions have been received prior to the date specified in the broker-dealer firm's request for voting instructions. Broker-dealer firms, including Merrill Lynch, will not be permitted to grant voting authority without instructions with respect to the approval of the Agreement and Plan of Reorganization (proposal 1). The Funds will include shares held of record by broker-dealers as to which such authority has been granted in its tabulation of the total number of shares present for purposes of determining whether the necessary quorum of shareholders of each Fund exists. Proxies which are returned to a Fund but which are marked "abstain" or on which a broker-dealer has declined to vote on any proposal ("broker non-votes") will be counted as present for the purposes of determining a quorum. Merrill Lynch has advised the Funds that it intends to exercise discretion over shares held in its name for which no instructions have been received by voting such shares on proposals 2 and 3 in the same proportion as it has voted such shares for which it has received instructions. However, abstentions and broker non-votes will not be counted as votes cast. Abstentions and broker non-votes will not have an effect on the vote on proposals 2 and 3; however, abstentions and broker non-votes will have the same effect as a vote against proposal 1.

This Proxy Statement and Prospectus does not contain all of the information set forth in the registration statement and the exhibits relating thereto which MuniYield California Insured II has filed with the Commission under the Securities Act and the Investment Company Act, to which reference is hereby made.

MuniYield California Insured II and MuniVest California Insured both are subject to the informational requirements of the Securities Exchange Act, and in accordance therewith file reports and other information with the Commission. Reports, proxy statements, registration statements and other information filed by MuniYield California Insured II and MuniVest California Insured can be inspected and copied at the public reference facilities of the Commission in Washington, D.C. and at the New York Regional Office of the Commission at Seven World Trade Center, New York, New York 10048. Copies of such materials also can be obtained by mail from the Public Reference Branch, Office of Consumer Affairs and Information Services, Securities and Exchange Commission, Washington, D.C. 20549, at prescribed rates.

CUSTODIAN

State Street Bank and Trust Company acts as the custodian for cash and securities of MuniYield California Insured II. The principal business address of State Street Bank and Trust Company in such capacity is One Heritage Drive, P2N, North Quincy, Massachusetts 02171. The Bank of New York acts as the custodian for cash and securities of MuniVest California Insured. The principal business address of The Bank of New York in such capacity is 90 Washington Street, 12th floor, New York, New York 10286.

TRANSFER AGENT, DIVIDEND DISBURSING AGENT AND REGISTRAR

Boston EquiServe serves as the transfer agent, dividend disbursing agent and registrar with respect to the MuniYield California Insured II Common Stock pursuant to a registrar, transfer agency and service agreement with the Fund. The principal business address of Boston EquiServe in such capacity is 150 Royall Street, Canton, Massachusetts 02021. The Bank of New York serves as the transfer agent, dividend disbursing agent and registrar with respect to the MuniVest California Insured Common Stock pursuant to a registrar, transfer agency and service agreement with the Fund. The principal business address of The Bank of New York in such capacity is 12 West Street, New York, New York 10286.

IBJ Schroder Bank and Trust Company serves as the transfer agent, registrar and auction agent to MuniYield California Insured II and MuniVest California Insured, in connection with their respective AMPS, at the same rate for each Fund, pursuant to separate registrar, transfer agency and service agreements with each of the Funds. The principal business address of IBJ Schroder Bank and Trust Company is One State Street, New York, New York 10004.

LEGAL PROCEEDINGS

There are no material legal proceedings to which MuniYield California Insured II or MuniVest California Insured is a party.

LEGAL OPINIONS

Certain legal matters in connection with the Reorganization will be passed upon for MuniYield California Insured II and MuniVest California Insured by Brown & Wood LLP, New York, New York. Brown & Wood LLP will rely as to matters of Maryland law on the opinion of Wilmer, Cutler & Pickering, Baltimore, Maryland.

EXPERTS

The financial statements as of October 31, 1995 of MuniYield California Insured II and MuniVest California Insured included in this Proxy Statement and Prospectus have been so included in reliance on the reports of Deloitte & Touche LLP, independent auditors, given on their authority as experts in auditing and accounting. The principal business address of Deloitte & Touche LLP is 117 Campus Drive, Princeton, New Jersey 08540.

STOCKHOLDER PROPOSALS

If a stockholder of either Fund intends to present a proposal at the 1997 Annual Meeting of Stockholders of either Fund, both of which are anticipated to be held in June, 1997, and desires to have the proposal included in the Fund's proxy statement and form of proxy for that meeting, the stockholder must deliver the proposal to the offices of the Fund by February 15, 1997.

By Order of the Boards of Directors
MARK B. GOLDFUS
Secretary of each of the Funds

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AUDITED FINANCIAL STATEMENTS FOR MUNIYIELD CALIFORNIA INSURED II
FOR THE FISCAL YEAR ENDED OCTOBER 31, 1995

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders of
MuniYield California Insured Fund II, Inc.:

We have audited the accompanying statement of assets, liabilities and capital, including the schedule of investments of MuniYield California Insured Fund II, Inc. as of October 31, 1995, the related statements of operations for the year then ended and changes in net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the three-year period then ended and for the period October 30, 1992 (commencement of operations) to October 31, 1992. These financial statements and the financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and the financial highlights based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the 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. Our procedures included confirmation of securities owned at October 31, 1995 by correspondence with the custodian. 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, such financial statements and financial highlights present fairly, in all material respects, the financial position of MuniYield California Insured Fund II, Inc. as of October 31, 1995, the results of its operations, the changes in its net assets, and the financial highlights for the respective stated periods in conformity with generally accepted accounting principles.

Deloitte & Touche LLP
Princeton, New Jersey
December 1, 1995

SCHEDULE OF INVESTMENTS
<TABLE>
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S&P RATINGS	MOODY'S RATINGS	FACE AMOUNT	ISSUE	(in Thousands) VALUE (NOTE 1A)
California--97.2%				
<S>	<S>	<C>	<S>	<C>
AAA	Aaa	$ 2,000	Berkeley, California, Unified School District, UT, Series C, 6.50% due 8/01/2019 (b)	$ 2,134
			California Health Facilities Financing Authority Revenue Bonds:	
AAA	Aaa	1,000	(Adventist Health System-West), Series B, 6.25% due 3/01/2021 (d)	1,027
AAA	Aaa	1,000	(Kaiser Permanente), Series A, 7% due 10/01/2018 (b)	1,105
AAA	VMIG1++	1,200	(Pooled Loan Program), VRDN, Series 85-B, 3.70% due 10/01/2010 (a)(c)	1,200
AAA	Aaa	15,750	(San Diego Children's Hospital), 6.50% due 7/01/2020 (d)	16,430
			California HFA, Home Mortgage Revenue Bonds:	
AA-	Aa	3,900	AMT, Series F-1, 7% due 8/01/2026	4,088
AA-	Aa	2,435	Refunding, AMT, Series H, 7.50% due 8/01/2025	2,609
AA-	Aa	5,750	Series B, 6.90% due 8/01/2016	5,905
AA-	Aa	2,000	California HFA, Revenue Bonds, RIB, AMT, 8.777% due 8/01/2023 (h)	2,085
A1	P1	100	California Pollution Control Financing Authority, PCR (Southern California Edison), VRDN, Series C, 3.75% due 2/28/2008 (a)	100
			California Pollution Control Financing Authority, Resource Recovery Revenue Bonds, VRDN, AMT (a):	
NR*	P1	500	(Delano Project), 4% due 8/01/2019	500
NR*	P1	100	Refunding (Ultra Power Malaga Project), Series B, 4.05% due 4/01/2017	100
NR*	Aaa	1,000	California Rural Home Mortgage Finance Authority, S/F Mortgage Revenue Bonds (Mortgage-Backed Securities Program), AMT, Series A-1, 6.90% due 12/01/2024 (j)	1,055
AA	Aaa	1,500	California State Department of Water Resources, Water System Revenue Bonds (Central Valley Project), Series I, 6.95% due 6/01/2000 (i)	1,681
			California State, GO, UT:	
AAA	Aaa	2,000	7% due 11/01/2014 (c)	2,255
AAA	Aaa	5,750	Refunding, 5.125% due 10/01/2017 (d)(f)	5,319

</TABLE>

PORTFOLIO ABBREVIATIONS

To simplify the listings of MuniYield California Insured Fund II, 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
GO General Obligation Bonds

HFA	Housing Finance Agency
PCR	Pollution Control Revenue Bonds
RIB	Residual Interest Bonds
S/F	Single-Family
UT	Unlimited Tax
VRDN	Variable Rate Demand Notes

SCHEDULE OF INVESTMENTS (continued)

<TABLE>
<CAPTION>

S&P RATINGS	MOODY'S RATINGS	FACE AMOUNT	ISSUE	(in Thousands) VALUE (NOTE 1A)
California (continued)				
<S>	<S>	<C>	<S>	<C>
			California State Public Works Board, Lease Revenue Bonds:	
AAA	Aaa	$ 3,000	(Department of Corrections-California State Prison-Susanville), Series D, 5.25% due 6/01/2015 (f)	$ 2,842
AAA	Aaa	3,000	Refunding (Department of Corrections-State Prisons), Series A, 5% due 12/01/2019 (b)	2,734
A-	A1	1,000	Refunding (Various Universities of California Projects), Series A, 5.50% due 6/01/2021	926
AAA	Aaa	900	(Secretary of State), Series A, 6.40% due 12/01/2007 (b)	1,002
A-	A	2,000	(Various Community College Projects), 7% due 3/01/2014	2,177
AAA	Aaa	3,200	(Various University of California Projects), Series A, 6.40% due 12/01/2016 (b)	3,382
AAA	Aaa	1,000	California Statewide Community Development Authority Revenue Bonds, COP (Good Samaritan Health System), 6.50% due 5/01/2024 (e)	1,113
			Central Coast Water Authority, California, Water Project, Regional Facilities Revenue Bonds (b):	
AAA	Aaa	2,385	6.50% due 10/01/2014	2,541
AAA	Aaa	7,500	6.60% due 10/01/2022	8,037
AAA	Aaa	6,000	Compton, California, Community Redevelopment Agency, Tax Allocation Refunding Bonds (Compton Redevelopment Project), Series A, 6.50% due 8/01/2013 (f)	6,476
AAA	Aaa	2,000	Cucamonga County, California, Water District COP, Refinancing Facilities, 6.50% due 9/01/2022 (c)	2,120
			Culver City, California, Redevelopment Finance Authority, Tax Allocation Revenue Refunding Bonds (b):	
AAA	Aaa	5,425	5.50% due 11/01/2014	5,387
AAA	Aaa	1,785	5% due 11/01/2023	1,607
AAA	Aaa	6,000	El Cajon, California, Redevelopment Agency, Tax Allocation Bonds (El Cajon Redevelopment Project), 6.60% due 10/01/2022 (b)	6,410
AAA	Aaa	3,125	Elk Grove, California, Unified School District, Special Tax Community Facilities District No. 1, 7% due 12/01/2003 (b)(i)	3,681
AAA	Aaa	1,500	Fresno, California, Sewer Revenue Bonds, Series A-1, 5.25% due 9/01/2019(b)	1,426
AAA	Aaa	1,500	Los Angeles, California, Community Redevelopment Agency, Tax Allocation Refunding Bonds (Bunker), Series C, 6% due 12/01/2001 (d)(i)	1,651
AAA	Aaa	6,000	Los Angeles, California, Convention and Exhibition Center Authority, Lease Revenue Refunding Bonds, Series A, 5.125% due 8/15/2021 (d)	5,521
AAA	Aaa	3,000	Los Angeles, California, Department of Water and Power, Electric Plant Revenue Refunding Bonds, 5.375% due 9/01/2023 (c)	2,852
AA	Aa	2,000	Los Angeles, California, Harbor Department Revenue Bonds, AMT, Series B, 6.625% due 8/01/2025	2,101
A-	A	1,000	Los Angeles, California, State Building Authority, Lease Revenue Refunding Bonds (California State Department of General Services), Series A, 5.625% due 5/01/2011	985
AAA	Aaa	1,250	Los Angeles, California, Wastewater System Revenue Refunding Bonds, Series D, 5.20% due 11/01/2021 (c)	1,163
			Los Angeles County, California, Metropolitan Transportation Authority, Sales Tax	

			Revenue Bonds:	
AAA	Aaa	6,250	(Proposition C), Second Series A, 5% due 7/01/2025 (b)	5,619
AAA	Aaa	5,325	Refunding (Proposition A), Series A, 5% due 7/01/2021 (c)	4,812
AAA	Aaa	6,285	Los Angeles County, California, Transportation Commission, Sales Tax Revenue Bonds, Series A, 6.75% due 7/01/2001 (c)(i)	7,123

</TABLE>

MUNIYIELD CALIFORNIA INSURED FUND II, INC. OCTOBER 31, 1995

SCHEDULE OF INVESTMENTS (continued)
<TABLE>
<CAPTION>

S&P RATINGS	MOODY'S RATINGS	FACE AMOUNT	ISSUE	(in Thousands) VALUE (NOTE 1A)
California (continued)				
<S>	<S>	<C>	<S>	<C>
AAA	Aaa	$ 1,000	M-S-R Public Power Agency, California, Revenue Bonds (San Juan Project), Series E, 6.50% due 7/01/2017 (d)	$ 1,057
AAA	Aaa	4,250	Marysville, California, Hospital Revenue Bonds (Fremont-Rideout Health Group), Series A, 6.30% due 1/01/2022 (b)	4,378
AAA	Aaa	3,850	Mountain View, California, Capital Improvements Financing Authority Revenue Bonds (City Hall Community Theatre), 6.50% due 8/01/2016 (d)	4,063
			Northern California Power Agency, Multiple Capital Facilities Revenue Bonds (d):	
AAA	Aaa	2,500	RIB, 8.891% due 9/02/2025 (h)	2,775
AAA	Aaa	2,000	Series A, 6.50% due 8/01/2012	2,151
			Northern California Transmission Revenue Bonds (California-Oregon Transmission Project), Series A (d):	
AAA	Aaa	2,000	6.50% due 5/01/2016	2,133
AAA	Aaa	6,400	Refunding, 5.25% due 5/01/2020	6,038
AAA	Aaa	7,000	Orange County, California, Local Transportation Authority, Sales Tax Revenue Bonds, 6.20% due 2/14/2011 (b)	7,397
AAA	Aaa	2,360	Orchard, California, School District, GO, Series A, 6.50% due 8/01/2019 (c)	2,528
AAA	Aaa	2,000	Port Oakland, California, Port Revenue Bonds, AMT, Series E, 6.50% due 11/01/2016 (d)	2,098
AAA	Aaa	14,000	Poway, California, Redevelopment Agency, Tax Allocation Refunding Bonds (Paraguay Redevelopment Project), 5.50% due 12/15/2023 (c)	13,476
AAA	Aaa	2,000	Sacramento, California, Area Flood Control Agency, Capital Assessment District No. 2, 5.375% due 10/01/2025 (c)	1,902
A+	Aa	2,600	Sacramento, California, City Financing Authority, Lease Revenue Refunding Bonds, Series B, 5.40% due 11/01/2020	2,441
			Sacramento, California, Municipal Utility District, Electric Revenue Bonds (d):	
AAA	Aaa	7,475	Refunding, Series D, 5.25% due 11/15/2020	7,010
AAA	Aaa	1,270	Refunding, Series G, 6.50% due 9/01/2013	1,404
AAA	Aaa	7,000	Series B, 6.375% due 8/15/2022	7,347
			San Francisco, California, City and County Airport Commission, International Airport Revenue Bonds, Second Series:	
AAA	Aaa	1,500	AMT, Issue 5, 6.50% due 5/01/2019 (c)	1,593
AAA	Aaa	3,000	AMT, Issue 6, 6.50% due 5/01/2018 (b)	3,188
AAA	Aaa	1,000	Refunding, Issue 2, 6.75% due 5/01/2013 (d)	1,096
AAA	Aaa	10,000	Refunding, Issue 2, 6.75% due 5/01/2020 (d)	10,938
AAA	Aaa	1,550	San Francisco, California, City and County Redevelopment Agency, Lease Revenue Bonds (George R. Moscone Convention Center), 6.75% due 7/01/2024 (f)	1,680
AAA	Aaa	2,470	San Francisco, California, City and County Sewer Revenue Refunding Bonds, 5.375% due 10/01/2022 (c)	2,360
AAA	Aaa	4,845	San Jose, California, Redevelopment Agency, Tax Allocation Refunding Bonds (Merged Area Redevelopment Project), 5% due 8/01/2020 (d)	4,386

AAA	Aaa	1,150	San Mateo County, California, COP (Capital Projects Program), 6.50% due 7/01/2001 (d)(i)	1,289

</TABLE>

MUNIYIELD CALIFORNIA INSURED FUND II, INC. OCTOBER 31, 1995

SCHEDULE OF INVESTMENTS (concluded) (in Thousands)

<TABLE>
<CAPTION>

S&P RATINGS	MOODY'S RATINGS	FACE AMOUNT	ISSUE	VALUE (NOTE 1A)
California (concluded)				
<S>	<S>	<C>	<S>	<C>
AAA	Aaa	$ 3,430	Santa Ana, California, Financing Authority, Lease Revenue Bonds (Police Administration and Holding Facility), Series A, 6.25% due 7/01/2024 (d)	$ 3,730
			Santa Clara County, California, Financing Authority, Lease Revenue Bonds (VMC Facility Replacement Project), Series A (b):	
AAA	Aaa	2,500	7.75% due 11/15/2011	3,076
AAA	Aaa	10,770	6.875% due 11/15/2014	11,913
AAA	Aaa	1,700	6.75% due 11/15/2020	1,853
AAA	Aaa	3,000	Santa Rosa, California, Wastewater Revenue Bonds (Subregional Wastewater Project), Series A, 6.50% due 9/01/2022 (c)	3,189
AAA	NR*	3,335	Southern California, HFA, S/F Mortgage Revenue Bonds Program, AMT, Series B, 6.90% due 10/01/2024 (g)	3,466
AAA	Aaa	1,375	Southern California Public Power Authority, Transmission Project Revenue Refunding Bonds, Sub-Series A, 5% due 7/01/2022 (d)	1,233
BBB+	NR*	1,280	Stanislaus, California, Waste-to-Energy Financing Agency, Solid Waste Facility Revenue Refunding Bonds (Ogden Martin System Inc. Project), 7.625% due 1/01/2010	1,371
AAA	Aaa	2,000	Suisun City, California, Redevelopment Agency, Tax Allocation Refunding Bonds (Suisun City Redevelopment Project), 5.50% due 10/01/2023 (d)	1,939
AAA	Aaa	2,500	University of California, Housing Systems Revenue Refunding Bonds, Series A, 5% due 11/01/2014 (d)	2,304
			University of California, Revenue Refunding Bonds (Multiple Purpose Projects):	
AAA	Aaa	3,000	Series A, 6.875% due 9/01/2002 (d)(i)	3,463
AAA	Aaa	2,000	Series C, 5.25% due 9/01/2016 (b)	1,896
AAA	Aaa	6,500	Series C, 5% due 9/01/2023 (b)	5,852
TOTAL INVESTMENTS (COST--$257,075)--97.2%				271,294
OTHER ASSETS LESS LIABILITIES--2.8%				7,830
NET ASSETS--100.0%				$279,124

</TABLE>

(a) 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, 1995.
(b) AMBAC Insured.
(c) FGIC Insured.
(d) MBIA Insured.
(e) CAPMAC Insured.
(f) CGIC Insured.
(g) GNMA/FNMA Collateralized.
(h) 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, 1995.
(i) Prerefunded.
(j) GNMA Collateralized.
*Not Rated.
+Highest short-term rating by Moody's Investors Service, Inc.
Ratings of issues shown have not been audited by Deloitte & Touche LLP.

See Notes to Financial Statements.

FINANCIAL INFORMATION

<TABLE>
STATEMENT OF ASSETS, LIABILITIES AND CAPITAL AS OF OCTOBER 31, 1995

<S>	<C>	<C>	<C>
ASSETS:	Investments, at value (identified cost--$257,074,845) (Note 1a)		$271,294,382
	Cash		3,063,315
	Interest receivable		5,157,121
	Deferred organization expenses (Note 1e)		15,227
	Prepaid expenses and other assets		9,951
	Total assets		279,539,996
LIABILITIES:	Payables:		
	Dividends to shareholders (Note 1f)	$ 232,224	
	Investment adviser (Note 2)	121,463	353,687
	Accrued expenses and other liabilities		62,782
	Total liabilities		416,469
NET ASSETS:	Net assets		$279,123,527
CAPITAL:	Capital Stock (200,000,000 shares authorized) (Note 4):		
	Preferred Stock, par value $.10 per share (3,600 shares of AMPS* issued and outstanding at $25,000 per share liquidation preference)		$ 90,000,000
	Common Stock, par value $.10 per share (12,678,633 shares issued and outstanding)		$ 1,267,863
	Paid-in capital in excess of par	176,474,591	
	Undistributed investment income--net	1,838,287	
	Accumulated realized capital losses on investments--net (Note 5)	(4,676,751)	
	Unrealized appreciation on investments--net	14,219,537	
	Total--Equivalent to $14.92 net asset value per share of Common Stock (market price--$13.125)		189,123,527
	Total capital		$279,123,527

</TABLE>

*Auction Market Preferred Stock.

See Notes to Financial Statements.

FINANCIAL INFORMATION (continued)

STATEMENT OF OPERATIONS

<TABLE>
<CAPTION>

			FOR THE YEAR ENDED OCTOBER 31, 1995
<S>	<C>	<C>	<C>
INVESTMENT INCOME (Note 1d):	Interest and amortization of premium and discount earned		$ 16,419,079

EXPENSES:	Investment advisory fees (Note 2)	$ 1,340,990	
	Commission fees (Note 4)	226,674	
	Professional fees	79,533	
	Accounting services (Note 2)	63,054	
	Transfer agent fees	58,799	
	Printing and shareholder reports	30,261	
	Listing fees	24,295	
	Directors' fees and expenses	23,667	
	Custodian fees	12,653	
	Pricing fees	10,785	
	Amortization of organization expenses (Note 1e)	7,593	
	Other	19,400	
	Total expenses		1,897,704
	Investment income--net		14,521,375
REALIZED & UNREALIZED GAIN (LOSS) ON INVESTMENTS--NET (NOTES 1B, 1D & 3):	Realized loss on investments--net		(4,676,753)
	Change in unrealized appreciation/depreciation on investments--net		25,009,415
	Net Increase in Net Assets Resulting from Operations		$ 34,854,037

</TABLE>

STATEMENTS OF CHANGES IN NET ASSETS
<TABLE>
<CAPTION>

INCREASE (DECREASE) IN NET ASSETS:		FOR THE YEAR ENDED OCT. 31, 1995	1994
<S>	<C>	<C>	<C>
OPERATIONS:	Investment income--net	$ 14,521,375	$ 14,861,089
	Realized gain (loss) on investments--net	(4,676,753)	1,066,977
	Change in unrealized appreciation/depreciation on investments--net	25,009,415	(37,816,850)
	Net increase (decrease) in net assets resulting from operations	34,854,037	(21,888,784)
DIVIDENDS & DISTRIBUTIONS TO SHAREHOLDERS (NOTE 1F):	Investment income--net:		
	Common Stock	(11,088,099)	(11,722,512)
	Preferred Stock	(3,332,916)	(2,381,373)
	Realized gain on investments--net:		
	Common Stock	(895,821)	(1,352,849)
	Preferred Stock	(170,928)	(300,357)
	Net decrease in net assets resulting from dividends and distributions to shareholders	(15,487,764)	(15,757,091)
CAPITAL STOCK TRANSACTIONS (NOTES 1E & 4):	Offering and underwriting costs from issuance of Preferred Stock	--	(1,000)
	Net decrease in net assets derived from capital stock transactions	--	(1,000)
NET ASSETS:	Total increase (decrease) in net assets	19,366,273	(37,646,875)
	Beginning of year	259,757,254	297,404,129
	End of year*	$279,123,527	$259,757,254
	*Undistributed investment income--net (Note 1g)	$ 1,838,287	$ 1,737,697

See Notes to Financial Statements.

</TABLE>

FINANCIAL INFORMATION (concluded)

FINANCIAL HIGHLIGHTS

<TABLE>
<CAPTION>

	THE FOLLOWING PER SHARE DATA AND RATIOS HAVE BEEN DERIVED FROM INFORMATION PROVIDED IN THE FINANCIAL STATEMENTS.	FOR THE YEAR ENDED OCTOBER 31,			FOR THE PERIOD OCT. 30, 1992++ TO OCT. 31,
INCREASE (DECREASE) IN NET ASSET VALUE:		1995	1994	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>
PER SHARE OPERATING PERFORMANCE:	Net asset value, beginning of period	$ 13.39	$ 16.36	$ 14.15	$ 14.18
	Investment income--net	1.13	1.17	1.12	--
	Realized and unrealized gain (loss) on investments--net	1.61	(2.90)	2.27	--
	Total from investment operations	2.74	(1.73)	3.39	--
	Less dividends and distributions to Common Stock shareholders:				
	Investment income--net	(.87)	(.92)	(.84)	--
	Realized gain on investments--net	(.07)	(.11)	--	--
	Total dividends and distributions to Common Stock shareholders	(.94)	(1.03)	(.84)	--
	Capital charge resulting from issuance of Common Stock	--	--	--	(.03)
	Effect of Preferred Stock activity:++++				
	Dividends and distributions to Preferred Stock shareholders:				
	Investment income--net	(.26)	(.19)	(.20)	--
	Realized gain on investments--net	(.01)	(.02)	--	--
	Capital charge resulting from issuance of Preferred Stock	--	--	(.14)	--
	Total effect of Preferred Stock activity	(.27)	(.21)	(.34)	--
	Net asset value, end of period	$ 14.92	$ 13.39	$ 16.36	$ 14.15
	Market price per share, end of period	$ 13.125	$ 11.875	$ 15.375	$ 15.00
TOTAL INVESTMENT RETURN:*	Based on market price per share	19.00%	(16.78%)	8.24%	.00%+++
	Based on net asset value per share	19.97%	(11.82%)	22.09%	(.21%)+++
RATIOS TO AVERAGE NET ASSETS:**	Expenses, net of reimbursement	.71%	.70%	.56%	--%
	Expenses	.71%	.70%	.68%	--%
	Investment income--net	5.42%	5.28%	5.17%	--%
SUPPLEMENTAL DATA:	Net assets, net of Preferred Stock, end of period (in thousands)	$189,124	$169,757	$207,404	$178,555
	Preferred Stock outstanding, end of period (in thousands)	$ 90,000	$ 90,000	$ 90,000	--
	Portfolio turnover	114.78%	41.67%	15.85%	.00%
DIVIDENDS PER SHARE ON PREFERRED STOCK OUTSTANDING:++++++	Series A--Investment income--net	$ 948	$ 636	$ 743	--
	Series B--Investment income--net	904	687	685	--

</TABLE>

*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 loads.

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

++Commencement of Operations.

++++The Fund's Preferred Stock was issued on November 30, 1992.
++++++Dividends per share have been adjusted to reflect a two-for-one stock split.
+++Aggregate total investment return.

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES:
MuniYield California Insured Fund II, Inc. (the "Fund") is registered under the Investment Company Act of 1940 as a non-diversified, closed-end management investment company. 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 MCA. 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, which are traded on exchanges, are valued at their last sale price as of the close of such exchanges or, lacking any sales, at the last available bid price. 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 strategies to seek to increase its return by hedging its portfolio against adverse movements in the debt markets. Losses may arise due to changes in the value of the contract or if the counterparty does not perform under the contract.

o Financial futures contracts--The Fund may purchase or sell interest rate 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.

o 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). Interest income is recognized on the accrual basis. Discounts and market premiums are amortized into interest income. Realized gains and losses on security transactions are determined on the identified cost basis.

(e) Deferred organization expenses and offering expenses--Deferred organization expenses are amortized on a straight-line basis over a five-year period. Direct expenses relating to the public offering of the Common and Preferred Stock were charged to capital at the time of issuance.

NOTES TO FINANCIAL STATEMENTS (concluded)

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

(g) Reclassification--Generally accepted accounting principles require that certain differences between accumulated net realized capital losses for financial reporting and tax purposes, if permanent, be reclassified to undistributed net investment income. Accordingly, current year's permanent book/tax differences of $230 have been reclassified from accumulated net realized capital losses to 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 0.50% of the Fund's average weekly net assets.

Accounting services are provided to the Fund by FAM at cost.

Certain officers and/or directors of the Fund are officers and/or directors of FAM, PSI, Merrill Lynch, Pierce, Fenner & Smith Inc. ("MLPF&S"), and/or ML & Co.

3. INVESTMENTS:
Purchases and sales of investments, excluding short-term securities, for the year ended October 31, 1995 were $295,216,613 and $299,397,095, respectively.

Net realized and unrealized gains (losses) as of October 31, 1995 were as follows:

	REALIZED GAINS (LOSSES)	UNREALIZED GAINS

Long-term investments	$(1,395,321)	$ 14,219,537
Short-term investments	26,475	--
Financial futures contracts	(3,307,907)	--
Total	$(4,676,753)	$ 14,219,537

As of October 31, 1995, net unrealized appreciation for Federal income tax purposes aggregated $14,183,125, of which $14,205,636 related to appreciated securities and $22,511 related to depreciated securities. The aggregate cost of investments at October 31, 1995 for Federal income tax purposes was $257,111,257.

4. CAPITAL STOCK TRANSACTIONS:
The Fund is authorized to issue 200,000,000 shares of capital 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 capital stock without approval of holders of Common Stock.

Common Stock
For the year ended October 31, 1995, shares issued and outstanding remained constant at 12,678,633. At October 31, 1995, total paid-in capital amounted to $177,742,454.

Preferred Stock
Auction Market Preferred Stock ("AMPS") are shares of Preferred Stock of the Fund 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, 1995 were as follows: Series A, 3.65% and Series B, 3.40%.

A two-for-one stock split occurred on December 1, 1994. As a result, as of October 31, 1995, there were 3,600 AMPS shares authorized, issued and outstanding with a liquidation preference of $25,000 per share, plus accumulated and unpaid dividends of $181,192.

The Fund pays commissions to certain broker-dealers at the end of each auction at an annual rate ranging from 0.25% to 0.375%, calculated on the proceeds of each auction. For the year ended October 31, 1995, MLPF&S, an affiliate of FAM, earned $183,927 as commissions.

5. CAPITAL LOSS CARRYFORWARD:
At October 31, 1995, the Fund had a net capital loss carryforward of approximately $2,501,000, all of which expires in 2003. This amount will be available to offset like amounts of any future taxable gains.

6. SUBSEQUENT EVENT:
On November 13, 1995, the Fund's Board of Directors declared an ordinary income dividend to Common Stock shareholders in the amount of $0.071678 per share, payable on November 29, 1995 to shareholders of record as of November 24, 1995.

UNAUDITED FINANCIAL STATEMENTS FOR MUNIYIELD CALIFORNIA INSURED II
FOR THE SIX-MONTH PERIOD ENDED APRIL 30, 1996

MUNIYIELD CALIFORNIA INSURED FUND II, INC. APRIL 30, 1996

<TABLE>
<CAPTION>
SCHEDULE OF INVESTMENTS (in Thousands)

S&P RATINGS	MOODY'S RATINGS	FACE AMOUNT	ISSUE	VALUE (NOTE 1A)
California--99.2%				

<S>	<C>	<C>	<C>	<C>
AAA	Aaa	$ 2,000	Berkeley, California, Unified School District, UT, Series C, 6.50% due 8/01/2019 (b)	$ 2,101
			California Health Facilities Financing Authority Revenue Bonds:	
AAA	Aaa	1,000	(Adventist Health System--West), Series B, 6.25% due 3/01/2021 (d)	1,019
AAA	Aaa	1,000	(Kaiser Permanente), Series A, 7% due 10/01/2018 (b)	1,076
AA	Aa3	2,855	(Kaiser Permanente), Series A, 6.50% due 12/01/2020	2,928
AAA	Aaa	15,750	(San Diego Children's Hospital), 6.50% due 7/01/2000 (d)(i)	17,215
			California HFA, Home Mortgage Revenue Bonds:	
AA-	Aa	3,900	AMT, Series F-1, 7% due 8/01/2026	4,033
AA-	Aa	2,425	Refunding, AMT, Series H, 7.50% due 8/01/2025	2,556
AA-	Aa	5,750	Series B, 6.90% due 8/01/2016	5,862
AA-	Aa	2,000	California HFA, Revenue Bonds, RIB, AMT, 9.237% due 8/01/2023 (k)	2,020
AAA	Aaa	4,000	California Maritime Infrastructure Authority, Airport Revenue Bonds (San Diego Unified Port District), AMT, 5% due 11/01/2020 (b)	3,444
A1	P1	300	California Pollution Control Financing Authority, PCR (Southern California Edison), VRDN, Series C, 3.75% due 2/28/2008 (a)	300
NR*	Aa3	600	California Pollution Control Financing Authority, Resource Recovery Revenue Bonds (Honey Lake Power Project), VRDN, AMT, 4.10% due 9/01/2018 (a)	600
NR*	Aaa	1,000	California Rural Home Mortgage Finance Authority, S/F Mortgage Revenue Bonds (Mortgage-Backed Securities Program), AMT, Series A-1, 6.90% due 12/01/2024 (g)(j)	1,049
AA	Aa	5,360	California State Department of Water Resources, Water System Revenue Bonds (Central Valley Project) Series O, 5% due 12/01/2022	4,633
			California State, GO, UT (c):	
AAA	Aaa	1,935	7% due 11/01/2004 (i)	2,243
AAA	Aaa	65	7% due 11/01/2014	72
			California State Public Works Board, Lease Revenue Bonds:	
AAA	Aaa	3,000	(Department of Corrections--California State Prison--Susanville), Series D, 5.25% due 6/01/2015 (f)(h)	2,782
AAA	Aaa	3,000	Refunding (Department of Corrections--State Prisons), Series A, 5% due 12/01/2019 (b)	2,669
AAA	Aaa	900	(Secretary of State), Series A, 6.40% due 12/01/2007 (b)	992
A -	A	2,000	(Various Community College Projects), Series B, 7% due 3/01/2014	2,168
AAA	Aaa	3,200	(Various University of California Projects), Series A, 6.40% due 12/01/2016 (b)	3,328

</TABLE>

PORTFOLIO ABBREVIATIONS

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

AMT   Alternative Minimum Tax (subject to)
COP   Certificates of Participation
CP   Commercial Paper
GO   General Obligation Bonds
HFA   Housing Finance Agency
PCR   Pollution Control Revenue Bonds
RIB   Residual Interest Bonds
S/F   Single-Family
UT   Unlimited Tax
VRDN Variable Rate Demand Notes

<TABLE>
<CAPTION>
SCHEDULE OF INVESTMENTS (continued)   (in Thousands)

S&P   MOODY'S   FACE   VALUE

RATINGS	RATINGS	AMOUNT	ISSUE	(NOTE 1A)
California (continued)				
<S>	<C>	<C>	<C>	<C>
AAA	Aaa	$ 5,415	California State University, Housing System Revenue Refunding Bonds, 5.90% due 11/01/2021 (c)	$ 5,352
			California Statewide Community Development Authority Revenue Bonds, COP:	
AAA	Aaa	1,000	(Good Samaritan Health System), 6.50% due 5/01/2004 (e)(i)	1,120
A1+	VMIG1++	1,300	Refunding (Saint Joseph Health System), VRDN, 3.75% due 7/01/2008 (a)	1,300
			Central Coast Water Authority, California, Revenue Bonds (State Water Project Regional Facilities) (b):	
AAA	Aaa	2,385	6.50% due 10/01/2014	2,511
AAA	Aaa	7,500	6.60% due 10/01/2022	7,967
AAA	Aaa	6,000	Compton, California, Community Redevelopment Agency, Tax Allocation Refunding Bonds (Compton Redevelopment Project), Series A, 6.50% due 8/01/2013(h)	6,368
AAA	Aaa	2,000	Cucamonga County, California, Water District Facilities Refinancing Bonds, COP, 6.50% due 9/01/2022(c)	2,082
			Culver City, California, Redevelopment Finance Authority, Tax Allocation Revenue Refunding Bonds (b):	
AAA	Aaa	5,425	5.50% due 11/01/2014	5,278
AAA	Aaa	1,785	5% due 11/01/2023	1,527
AAA	Aaa	1,750	East Bay, California, Municipal Utilities District, Water System Subordinate Revenue Refunding Bonds, 5% due 6/01/2021 (d)	1,514
AAA	Aaa	6,000	El Cajon, California, Redevelopment Agency, Tax Allocation Bonds (El Cajon Redevelopment Project), 6.60% due 10/01/2022 (b)	6,406
AAA	Aaa	3,125	Elk Grove, California, Unified School District, Special Tax Community Facilities District No. 1, 7% due 12/01/2003 (b)(i)	3,608
			Fresno, California, Sewer Revenue Bonds:	
AAA	Aaa	2,000	Series A, 4.75% due 9/01/2026 (d)	1,641
AAA	Aaa	1,500	Series A-1, 5.25% due 9/01/2019 (b)	1,388
			Los Angeles, California, Department of Water and Power, Electric Plant Revenue Refunding Bonds:	
AAA	Aaa	4,990	4.75% due 8/15/2015 (c)	4,237
AA-	Aa	1,000	6.375% due 2/01/2020	1,036
AA	Aa	2,000	Los Angeles, California, Harbor Department Revenue Bonds, AMT, Series B, 6.625% due 8/01/2025	2,083
A-	A	1,000	Los Angeles, California, State Building Authority, Lease Revenue Refunding Bonds(California State Department of General Services), Series A, 5.625% due 5/01/2011	984
A1+	VMIG1++	12,400	Los Angeles County, California, Metropolitan Transportation Authority, Sales Tax Revenue Refunding Bonds, Proposition C, VRDN, Second Senior Series A, 3.85% due 7/01/2020 (a)(d)	12,400
AAA	Aaa	10,000	Los Angeles County, California, Public Works Financing Authority, Lease Revenue Bonds(Multiple Capital Facilities Project-IV), 4.75% due 12/01/2013 (d)	8,643
AAA	Aaa	4,000	Los Angeles County, California, Transportation Commission, Sales Tax Revenue Bonds, Series A, 6.75% due 7/01/2001 (c)(i)	4,459
AAA	Aaa	1,000	M-S-R Public Power Agency, California, Revenue Bonds (San Juan Project), Series E, 6.50% due 7/01/2017 (d)	1,043
AAA	Aaa	4,250	Marysville, California, Hospital Revenue Bonds (Fremont-Rideout Health Group), Series A, 6.30% due 1/01/2022 (b)	4,364

</TABLE>

<TABLE>
<CAPTION>

SCHEDULE OF INVESTMENTS (continued) (in Thousands)

S&P RATINGS	MOODY'S RATINGS	FACE AMOUNT	ISSUE	VALUE (NOTE 1A)
California (continued)				
<S>	<C>	<C>	<C>	<C>
AAA	Aaa	$ 1,750	Metropolitan Water District, Southern California Waterworks Revenue Refunding Bonds, Series B, 4.75% due 7/01/2021 (d)	$ 1,458
AAA	Aaa	3,850	Mountain View, California, Capital Improvements Financing Authority Revenue Bonds (City Hall Community Theatre), 6.50% due 8/01/2016 (d)	4,035
			Northern California Power Agency, Multiple Capital Facilities Revenue Bonds (d):	
AAA	Aaa	2,500	RIB, 9.121% due 9/02/2025 (k)	2,703
AAA	Aaa	2,000	Series A, 6.50% due 8/01/2012	2,128
AAA	Aaa	2,000	Northern California Transmission Revenue Bonds (California-Oregon Transmission Project), Series A, 6.50% due 5/01/2016 (d)	2,117
AAA	Aaa	7,000	Orange County, California, Local Transportation Authority, Sales Tax Revenue Bonds, 6.20% due 2/14/2011 (b)	7,197
AAA	Aaa	2,360	Orchard, California, School District, GO, Series A, 6.50% due 8/01/2019 (c)	2,487
AAA	Aaa	2,500	Pioneers Memorial Hospital District, California, Refunding, GO, 6.50% due 10/01/2024 (b)	2,627
AAA	Aaa	2,000	Port Oakland, California, Port Revenue Bonds, AMT, Series E, 6.50% due 11/01/2016 (d)	2,054
AAA	Aaa	2,400	Riverside County, California, Transportation Commission, Sales Tax Revenue Bonds, Series A, 6.50% due 6/01/2001 (b)(i)	2,643
			Sacramento, California, City Financing Authority, Lease Revenue Refunding Bonds:	
AAA	Aaa	7,000	Series A, 5.40% due 11/01/2020 (b)	6,558
A+	Aa	2,600	Series B, 5.40% due 11/01/2020	2,401
			Sacramento, California, Municipal Utility District, Electric Revenue Bonds (d):	
AAA	Aaa	1,270	Refunding, Series G, 6.50% due 9/01/2013	1,388
AAA	Aaa	7,000	Series B, 6.375% due 8/15/2022	7,247
			San Francisco, California, City and County Airport Commission, International Airport Revenue Bonds, Second Series:	
AAA	Aaa	1,500	AMT, Issue 5, 6.50% due 5/01/2019 (c)	1,538
AAA	Aaa	3,000	AMT, Issue 6, 6.50% due 5/01/2018 (b)	3,075
AAA	Aaa	4,385	Refunding, Issue 1, 6.30% due 5/01/2011 (b)	4,569
AAA	Aaa	4,000	Refunding, Issue 1, 6.50% due 5/01/2013 (b)	4,248
AAA	Aaa	1,000	Refunding, Issue 2, 6.75% due 5/01/2013 (d)	1,081
AAA	Aaa	10,000	Refunding, Issue 2, 6.75% due 5/01/2020 (d)	10,788
AAA	Aaa	1,550	San Francisco, California, City and County Redevelopment Agency, Lease Revenue Bonds(George R. Moscone Convention Center), 6.75% due 7/01/2024 (h)	1,677
AAA	Aaa	2,000	San Jose, California, Redevelopment Agency, Tax Allocation Refunding Bonds (Merged Area Redevelopment Project), 4.75% due 8/01/2024 (d)	1,659
AAA	Aaa	3,430	Santa Ana, California, Financing Authority, Lease Revenue Bonds (Police Administration and Holding Facility), Series A, 6.25% due 7/01/2024 (d)	3,603
			Santa Clara County, California, Financing Authority, Lease Revenue Bonds (VMC Facility Replacement Project), Series A (b):	
AAA	Aaa	2,500	7.75% due 11/15/2011	3,068
AAA	Aaa	10,770	6.875% due 11/15/2014	11,811
AAA	Aaa	1,700	6.75% due 11/15/2020	1,841
AAA	Aaa	3,000	Santa Rosa, California, Wastewater Revenue Bonds (Subregional Wastewater Project), Series A, 6.50% due 9/01/2002 (c)(i)	3,330

</TABLE>

<TABLE>
<CAPTION>

SCHEDULE OF INVESTMENTS (concluded) (in Thousands)

S&P Ratings	Moody's Ratings	Face Amount	Issue	Value (Note 1a)
California (concluded)				
AAA	NR*	$ 3,335	Southern California, HFA, S/F Mortgage Revenue Bonds Program, AMT, Series B, 6.90% due 10/01/2024 (g)	$ 3,406
			Southern California Public Power Authority, Power Project Revenue Refunding Bonds, Series A (b):	
AAA	Aaa	1,000	(Mead Adelanto Project), 4.875% due 7/01/2020	845
AAA	Aaa	5,455	(Mead Phoenix Project), 5% due 7/01/2017	4,794
A1+	VMIG1++	10,800	Southern California Public Power Authority, Revenue Refunding Bonds (Southern Transmission Project), VRDN, 3.80% due 7/01/2019 (a)(b)	10,800
BBB+	NR*	1,265	Stanislaus, California, Waste-to-Energy Financing Agency, Solid Waste Facility Revenue Refunding Bonds (Ogden Martin System Inc. Project), 7.625% due 1/01/2010	1,361
Puerto Rico--2.0%				
A1+	P1	4,900	Puerto Rico Commonwealth (Government Development Bank), CP, 4.10% due 5/03/1996	4,900
A1+	VMIG1++	600	Puerto Rico Commonwealth, Highway and Transportation Authority, Highway Revenue Bonds, VRDN, Series X, 3.75% due 7/01/1999 (a)	600
TOTAL INVESTMENTS (COST--$269,151)--101.2%				276,438
LIABILITIES IN EXCESS OF OTHER ASSETS--(1.2%)				(3,394)
NET ASSETS--100.0%				$273,044

</TABLE>

(a) The interest rate is subject to change periodically based upon prevailing market rates. The interest rate shown is the rate in effect at April 30, 1996.
(b) AMBAC Insured.
(c) FGIC Insured.
(d) MBIA Insured.
(e) CAPMAC Insured.
(f) CGIC Insured.
(g) GNMA/FNMA Collateralized.
(h) FSA Insured.
(i) Prerefunded.
(j) FHLMC Insured.
(k) 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 April 30, 1996.
*Not Rated.
++Highest short-term rating by Moody's Investors Service, Inc.

See Notes to Financial Statements.

FINANCIAL INFORMATION

<TABLE>
<CAPTION>
STATEMENT OF ASSETS, LIABILITIES AND CAPITAL AS OF APRIL 30, 1996

ASSETS:	Investments, at value (identified cost--$269,150,581) (Note 1a)		$276,437,893
	Cash		8,239
	Interest receivable		5,040,369
	Deferred organization expenses (Note 1e)		15,227
	Prepaid expenses and other assets		10,301
	Total assets		281,512,029

LIABILITIES:	Payables:		
	Securities purchased	$ 8,015,282	
	Dividends to shareholders (Note 1f)	254,185	
	Investment adviser (Note 2)	119,975	8,389,442
	Accrued expenses and other liabilities		78,218
	Total liabilities		8,467,660
NET ASSETS:	Net assets		$273,044,369
CAPITAL:	Capital Stock (200,000,000 shares authorized) (Note 4):		
	Preferred Stock, par value $.10 per share (3,600 shares of AMPS* issued and outstanding at $25,000 per share liquidation preference)		$90,000,000
	Common Stock, par value $.10 per share (12,678,633 shares issued and outstanding)	$ 1,267,863	
	Paid-in capital in excess of par	176,474,591	
	Undistributed investment income--net	1,631,798	
	Accumulated realized capital losses on investments--net (Note 5)	(3,617,195)	
	Unrealized appreciation on investments--net	7,287,312	
	Total--Equivalent to $14.44 net asset value per Common Stock (market price--$13.875)		183,044,369
	Total capital		$273,044,369

</TABLE>

*Auction Market Preferred Stock.

See Notes to Financial Statements.

MUNIYIELD CALIFORNIA INSURED FUND II, INC. APRIL 30, 1996

FINANCIAL INFORMATION (continued)

STATEMENT OF OPERATIONS

<TABLE>
<CAPTION>

			FOR THE SIX MONTHS ENDED APRIL 30, 1996
<S>	<C>	<C>	<C>
INVESTMENT INCOME (NOTE 1D):	Interest and amortization of premium and discount earned		$ 7,984,785
EXPENSES:	Investment advisory fees (Note 2)	$ 701,986	
	Commission fees (Note 4)	113,663	
	Professional fees	39,776	
	Transfer agent fees	27,840	
	Accounting services (Note 2)	24,440	
	Printing and shareholder reports	14,997	
	Listing fees	12,104	
	Directors' fees and expenses	11,584	
	Custodian fees	9,030	
	Pricing fees	5,372	
	Amortization of organization expenses (Note 1e)	3,793	
	Other	10,988	
	Total expenses		975,573
	Investment income--net		7,009,212
REALIZED & UNREALIZED GAIN (LOSS) ON INVESTMENTS--NET (NOTES 1B, 1D & 3):	Realized gain on investments--net		1,059,556
	Change in unrealized appreciation on investments--net		(6,932,225)
	Net Increase in Net Assets Resulting from Operations		$ 1,136,543

</TABLE>

See Notes to Financial Statements.

MUNIYIELD CALIFORNIA INSURED FUND II, INC. APRIL 30, 1996

FINANCIAL INFORMATION (continued)

STATEMENTS OF CHANGES IN NET ASSETS

<TABLE>
<CAPTION>

INCREASE (DECREASE) IN NET ASSETS:		FOR THE SIX MONTHS ENDED APRIL 30, 1996	FOR THE YEAR ENDED OCT. 31, 1995
<S>	<C>	<C>	<C>
OPERATIONS:	Investment income--net	$ 7,009,212	$ 14,521,375
	Realized gain (loss) on investments--net	1,059,556	(4,676,753)
	Change in unrealized appreciation/depreciation on investments--net	(6,932,225)	25,009,415
	Net increase in net assets resulting from operations	1,136,543	34,854,037
DIVIDENDS & DISTRIBUTIONS TO SHAREHOLDERS (NOTE 1F):	Investment income--net:		
	Common Stock	(5,576,963)	(11,088,099)
	Preferred Stock	(1,638,738)	(3,332,916)
	Realized gain on investments--net:		
	Common Stock	--	(895,821)
	Preferred Stock	--	(170,928)
	Net decrease in net assets resulting from dividends and distributions to shareholders	(7,215,701)	(15,487,764)
NET ASSETS:	Total increase (decrease) in net assets	(6,079,158)	19,366,273
	Beginning of period	279,123,527	259,757,254
	End of period*	$273,044,369	$279,123,527
	Undistributed investment income--net	$ 1,631,798	$ 1,838,287

</TABLE>

See Notes to Financial Statements.

MUNIYIELD CALIFORNIA INSURED FUND II, INC. APRIL 30, 1996

FINANCIAL INFORMATION (concluded)

FINANCIAL HIGHLIGHTS

<TABLE>
<CAPTION>

THE FOLLOWING PER SHARE DATA AND RATIOS HAVE BEEN DERIVED FROM INFORMATION PROVIDED IN THE FINANCIAL STATEMENTS.		FOR THE SIX MONTHS ENDED April 30,	FOR THE YEAR ENDED October 31,			FOR THE PERIOD OCT. 30, 1992++ TO Oct. 31,
INCREASE (DECREASE) IN NET ASSET VALUE:		1996	1995	1994	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>	<C>

PER SHARE OPERATING PERFORMANCE:	Net asset value, beginning of period	$ 14.92	$ 13.39	$ 16.36	$ 14.15	$ 14.18
	Investment income--net	.56	1.13	1.17	1.12	--
	Realized and unrealized gain (loss) on investments--net	(.47)	1.61	(2.90)	2.27	--
	Total from investment operations	.09	2.74	(1.73)	3.39	--
	Less dividends and distributions to Common Stock shareholders:					
	Investment income--net	(.44)	(.87)	(.92)	(.84)	--
	Realized gain on investments--net	--	(.07)	(.11)	--	--
	Total dividends and distributions to Common Stock shareholders	(.44)	(.94)	(1.03)	(.84)	--
	Capital charge resulting from issuance of Common Stock	--	--	--	--	(.03)
	Effect of Preferred Stock activity:++++					
	Dividends and distributions to Preferred Stock shareholders:					
	Investment income--net	(.13)	(.26)	(.19)	(.20)	--
	Realized gain on investments--net	--	(.01)	(.02)	--	--
	Capital charge resulting from issuance of Preferred Stock	--	--	--	(.14)	--
	Total effect of Preferred Stock activity	(.13)	(.27)	(.21)	(.34)	--
	Net asset value, end of period	$ 14.44	$ 14.92	$ 13.39	$ 16.36	$ 14.15
	Market price per share, end of period	$ 13.875	$ 13.125	$ 11.875	$ 15.375	$ 15.00
TOTAL INVESTMENT RETURN:**	Based on market price per share	9.08%+++	19.00%	(16.78%)	8.24%	.00%+++
	Based on net asset value per share	(.14%)+++	19.97%	(11.82%)	22.09%	(.21%)+++
RATIOS TO AVERAGE NET ASSETS:***	Expenses, net of reimbursement	.69%*	.71%	.70%	.56%	--
	Expenses	.69%*	.71%	.70%	.68%	--
	Investment income--net	4.97%*	5.42%	5.28%	5.17%	--
SUPPLEMENTAL DATA:	Net assets, net of Preferred Stock, end of period (in thousands)	$183,044	$189,124	$169,757	$207,404	$178,555
	Preferred Stock outstanding, end of period (in thousands)	$ 90,000	$ 90,000	$ 90,000	$ 90,000	--
	Portfolio turnover	57.30%	114.78%	41.67%	15.85%	0.00%
LEVERAGE:	Asset coverage per $1,000	$ 3,034	$ 3,101	$ 2,886	$ 3,304	--
DIVIDENDS PER SHARE ON PREFERRED STOCK OUTSTANDING:++++++	Series A--Investment income--net	$ 469	$ 948	$ 636	$ 743	--
	Series B--Investment income--net	$ 441	$ 904	$ 687	$ 685	--

</TABLE>

*Annualized.

**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 loads.

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

++Commencement of Operations.

++++The Fund's Preferred Stock was issued on November 30, 1992.

++++++Dividends per share have been adjusted to reflect a two-for-one stock split that occurred on December 1, 1994.

+++Aggregate total investment return.

See Notes to Financial Statements.

MUNIYIELD CALIFORNIA INSURED FUND II, INC. APRIL 30, 1996

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES:
MuniYield California Insured Fund II, Inc. (the "Fund") is registered under the Investment Company Act of 1940 as a non-diversified, closed-end management investment company. These unaudited financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim period presented. All such adjustments are of a normal recurring nature. 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 MCA. 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, which are traded on exchanges, are valued at their last sale price as of the close of such exchanges or, lacking any sales, at the last available bid price. 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 strategies to seek to increase its return by hedging its portfolio against adverse movements in the debt markets. Losses may arise due to changes in the value of the contract or if the counterparty does not perform under the contract.

o Financial futures contracts--The Fund may purchase or sell interest rate 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.

o 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). Interest income is recognized on the accrual basis. Discounts and market premiums are amortized into interest income. Realized gains and losses on security transactions are determined on the identified cost basis.

NOTES TO FINANCIAL STATEMENTS (concluded)

(e) Deferred organization expenses--Deferred organization expenses are amortized on a straight-line basis over a five-year period.

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

2. INVESTMENT ADVISORY AGREEMENT AND TRANSACTIONS WITH AFFILIATES:

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

FAM is responsible for the management of the Fund's portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of the Fund. For such services, the Fund pays a monthly fee at an annual rate of 0.50% of the Fund's average weekly net assets.

Accounting services are provided to the Fund by FAM at cost.

Certain officers and/or directors of the Fund are officers and/or directors of FAM, PSI, Merrill Lynch, Pierce, Fenner & Smith Inc. ("MLPF&S"), and/or ML & Co.

3. INVESTMENTS:

Purchases and sales of investments, excluding short-term securities, for the six months ended April 30, 1996 were $154,639,787 and $172,104,096, respectively.

Net realized and unrealized gains (losses) as of April 30, 1996 were as follows:

<TABLE>
<CAPTION>

	REALIZED GAINS (LOSSES)	UNREALIZED GAINS
Long-term investments	$ 618,042	$ 7,287,312
Short-term investments	(721)	--
Financial futures contracts	442,235	--
Total	$ 1,059,556	$ 7,287,312

</TABLE>

As of April 30, 1996, net unrealized appreciation for Federal income tax purposes aggregated $7,287,312, of which $9,817,847 related to appreciated securities and $2,530,535 related to depreciated securities. The aggregate cost of investments at April 30, 1996 for Federal income tax purposes was $269,150,581.

4. CAPITAL STOCK TRANSACTIONS:
The Fund is authorized to issue 200,000,000 shares of capital 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 capital stock without approval of holders of Common Stock.

Common Stock
For the six months ended April 30, 1996, shares issued and outstanding remained constant at 12,678,633. At April 30, 1996, total paid-in capital amounted to $177,742,454.

Preferred Stock
Auction Market Preferred Stock ("AMPS") are shares of Preferred Stock of the Fund 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 April 30, 1996 were as follows: Series A, 3.50% and Series B, 3.375%.

As of April 30, 1996, there were 3,600 AMPS shares authorized, issued and outstanding with a liquidation preference of $25,000 per share, plus accumulated and unpaid dividends of $16,951.

The Fund pays commissions to certain broker-dealers at the end of each auction at an annual rate ranging from 0.25% to 0.375%, calculated on the proceeds of each auction. For the six months ended April 30, 1996, MLPF&S, an affiliate of FAM, earned $86,207 as commissions.

5. CAPITAL LOSS CARRYFORWARD:
At October 31, 1995, the Fund had a net capital loss carryforward of approximately $2,501,000, all of which expires in 2003. This amount will be available to offset like amounts of any future taxable gains.

6. SUBSEQUENT EVENT:
On May 10, 1996, the Fund's Board of Directors declared an ordinary income dividend to Common Stock shareholders in the amount of $0.071145 per share, payable on May 30, 1996 to shareholders of record as of May 21, 1996.

AUDITED FINANCIAL STATEMENTS FOR MUNIVEST CALIFORNIA INSURED
FOR THE FISCAL YEAR ENDED OCTOBER 31, 1995

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders,
MuniVest California Insured Fund, Inc.:

We have audited the accompanying statement of assets, liabilities and capital, including the schedule of investments, of MuniVest California Insured Fund, Inc. as of October 31, 1995, the related statements of operations for the year then ended and changes in net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the two-year period then ended and the period April 30, 1993 (commencement of operations) to October 31, 1993. These financial statements and the financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and the financial highlights based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the 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. Our procedures included confirmation of securities owned at October 31, 1995 by correspondence with the custodian. 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, such financial statements and financial highlights present fairly, in all material respects, the financial position of MuniVest California Insured Fund, Inc. as of October 31, 1995, the results of its operations, the changes in its net assets, and the financial highlights for the respective stated periods in conformity with generally accepted accounting principles.

Deloitte & Touche LLP
Princeton, New Jersey
December 1, 1995

MUNIVEST CALIFORNIA INSURED FUND, INC., OCTOBER 31, 1995

SCHEDULE OF INVESTMENTS (in Thousands)
<TABLE>
<CAPTION>

STATE	S&P RATINGS	MOODY'S RATINGS	FACE AMOUNT	ISSUE	VALUE (NOTE 1A)
<S>	<C>	<C>	<C>	<C>	<C>
California--98.5%	AAA	Aaa	$ 2,485	California Health Facilities Financing Authority, Insured Revenue Bonds (Children's Hospital of San Diego), 7% due 7/01/2013 (d)	$ 2,751
	AA-	Aa	2,500	California HFA, Home Mortgage Revenue Bonds, AMT, Series F-1, 7% due 8/01/2026	2,621
	AA-	Aa	2,000	California HFA, Revenue Bonds, RIB, AMT, 8.777% due 8/01/2023 (e)	2,085
				California Pollution Control Financing Authority, PCR (Southern California Edison), VRDN (a):	
	A1	VMIG1++	200	Series A, 3.75% due 2/28/2008	200
	A1	P1	2,000	Series D, 3.75% due 2/28/2008	2,000
	NR*	P1	400	California Pollution Control Financing Authority, Resource Recovery Revenue Refunding Bonds (Ultra Power Rocklin Project), VRDN, AMT, Series A, 4.05% due 6/01/2017 (a)	400
	A1+	VMIG1++	200	California Pollution Control Financing Authority, Solid Waste Disposal Revenue Bonds (Shell Oil Co.--Martinez Project), VRDN, AMT, Series A, 3.90% due 10/01/2024 (a)	200
				California Rural Home Mortgage Finance Authority, S/F Mortgage Revenue Bonds (Mortgage-Backed Securities Program), AMT (f):	
	NR*	Aaa	670	Series A-2, 7.95% due 12/01/2024	771
	AAA	NR*	1,500	Series B, 7.75% due 9/01/2026	1,687
				California State Public Works Board, Lease Revenue Bonds, Series A:	
	A-	A	3,500	(Department of Corrections--Monterey County), 7% due 11/01/2019	3,807
	A-	A	1,000	(Various Community College Projects), 5.625% due 12/01/2018	945
	AAA	Aaa	1,500	(Various University of California Projects), 6.40% due 12/01/2016 (b)	1,586
	AA	Aa	2,000	California Statewide Community Development Authority Revenue Bonds, COP (Saint Joseph Health System Group), 6.625% due 7/01/2021	2,136
	AAA	Aaa	2,000	Central Coast Water Authority, California, Revenue Bonds (Water Project Regional Facilities), 6.60% due 10/01/2022 (b)	2,143
	AAA	Aaa	1,990	Compton, California, Community Redevelopment Agency, Tax Allocation Refunding Bonds (Compton Redevelopment Project), Series A, 6.50% due 8/01/2013 (h)	2,148
	AAA	Aaa	2,000	Cucamonga County, California, Water District Facilities Refinancing Bonds, COP, 6.50% due 9/01/2022 (c)	2,120
	AAA	Aaa	5,000	Culver City, California, Redevelopment Finance Authority, Tax Allocation Revenue Refunding Bonds, 5.50% due 11/01/2014 (b)	4,965
				Fresno, California, Sewer Revenue Bonds, Series A-1 (b):	
	AAA	Aaa	500	6.25% due 9/01/2014	542
	AAA	Aaa	1,000	5.25% due 9/01/2019	950
				Los Angeles, California, Community Redevelopment Agency, Tax Allocation Refunding Bonds (Bunker Hill), Series H (g):	
	AAA	Aaa	1,500	6.50% due 12/01/2015	1,590
	AAA	Aaa	3,500	6.50% due 12/01/2016	3,699
	AAA	Aaa	3,000	Los Angeles, California, Convention and Exhibition Center Authority, Lease Revenue Refunding Bonds, Series A, 5.375% due 8/15/2018 (d)	2,869

			Los Angeles, California, Department of Water and Power, Electric Plant Revenue Refunding Bonds:	
AAA	Aaa	3,500	5.375% due 9/01/2023 (c)	3,328
AAA	Aaa	5,000	5.375% due 9/01/2023 (d)	4,761

</TABLE>

<TABLE>

<S>	<C>	<C>	<C>	<C>	<C>
	AA	Aa	3,000	Los Angeles, California, Harbor Department Revenue Bonds, AMT, Series B, 6.625% due 8/01/2025	3,151
	AAA	Aaa	7,335	Los Angeles County, California, COP (Correctional Facilities Project), 6.50% due 9/01/2013 (d)	7,709
				M-S-R Public Power Agency, California, Revenue Bonds (San Juan Project) (d):	
	AAA	Aaa	1,500	Refunding, 6.75% due 7/01/2020	1,722
	AAA	Aaa	2,000	Series E, 6.75% due 7/01/2011	2,185
	AAA	Aaa	3,500	Northern California Power Agency, Public Power Revenue Refunding Bonds (Hydroelectric Project Number 1), Series A, 5.50% due 7/01/2024 (d)	3,411
	AAA	Aaa	1,000	Oakland, California, Redevelopment Agency, Refunding Bonds, INFLOS, 7.865% due 9/01/2019 (d) (e)	1,003
	AAA	Aaa	2,750	Oceanside, California, COP (Watereuse Association, California, Financing Project), Series A, 6.50% due 10/01/2017 (b)	2,924
	A+	A1	3,000	Pasadena, California, COP, Refunding (Old Pasadena Package Facility Project), 6.25% due 1/01/2018	3,121
	AAA	Aaa	3,000	Pioneers Memorial Hospital District, California, Refunding, GO, UT, 6.50% due 10/01/2024 (b)	3,188
	AAA	Aaa	2,000	Poway, California, Redevelopment Agency, Tax Allocation Refunding Bonds (Paraguay Redevelopment Project), 5.50% due 12/15/2023 (c)	1,925
	AAA	Aaa	1,500	Rancho, California, Water District Financing Authority, Revenue Refunding Bonds, 5% due 8/15/2014 (b)	1,390
	AAA	Aaa	3,000	Rancho Cucamonga, California, Redevelopment Agency, Tax Allocation Bonds (Rancho Redevelopment Project), 6.75% due 9/01/2020 (d)	3,223
	A+	Aa	1,500	Sacramento, California, City Financing Authority, Lease Revenue Refunding Bonds, Series B, 5.40% due 11/01/2020	1,408
	AAA	Aaa	4,000	Sacramento, California, Municipal Utilities District, Electric Revenue Bonds, Series B, 6.375% due 8/15/2022 (d)	4,198
	AAA	Aaa	1,000	Sacramento County, California, COP, GO, 6.50% due 6/01/2015 (d)	1,050
				San Francisco, California, City and County Airports Commission, International Airport Revenue Bonds, Second Series:	
	AAA	Aaa	2,000	AMT, Issue 5, 6.50% due 5/01/2019 (c)	2,124
	AAA	Aaa	2,000	AMT, Issue 6, 6.60% due 5/01/2020 (b)	2,147
	AAA	Aaa	2,000	Refunding, Issue 2, 6.75% due 5/01/2013 (d)	2,192
				San Francisco, California, City and County Redevelopment Agency, Lease Revenue Bonds (George R. Moscone Convention Center) (h):	
	AAA	Aaa	2,800	6.75% due 7/01/2015	3,053
	AAA	Aaa	1,500	6.75% due 7/01/2024	1,626
	AAA	Aaa	1,000	San Jose, California, Redevelopment Agency, Tax Allocation Refunding Bonds (Merged Area Redevelopment Project), 5.25% due 8/01/2016 (d)	950
	AAA	Aaa	2,450	San Mateo County, California, Joint Powers Financing Authority, Lease Revenue Refunding Bonds (Capital Projects Program), 5.125% due 7/01/2018 (d)	2,292

</TABLE>

Portfolio
Abbreviations

To simplify the listings of MuniVest California 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 below and at right.

AMT	Alternative Minimum Tax (subject to)
COP	Certificates of Participation
GO	General Obligation Bonds
HFA	Housing Finance Agency
INFLOS	Inverse Floating Rate Municipal Bonds
PCR	Pollution Control Revenue Bonds
RIB	Residual Interest Bonds
S/F	Single-Family
UT	Unlimited Tax
VRDN	Variable Rate Demand Notes

MUNIVEST CALIFORNIA INSURED FUND, INC., OCTOBER 31, 1995

<TABLE>
<CAPTION>

SCHEDULE OF INVESTMENTS (concluded) (in Thousands)

STATE	S&P RATINGS	MOODY'S RATINGS	FACE AMOUNT	ISSUE	VALUE (NOTE 1A)
<S>	<C>	<C>	<C>	<C>	<C>
California (concluded)	AAA	Aaa	$ 3,500	Stockton, California, Revenue Bonds (Wastewater Treatment Plant Expansion), COP, Series A, 6.70% due 9/01/2014 (c)	$ 3,813
				University of California, Revenue Refunding Bonds (Multiple Purpose Projects), Series C (b):	
	AAA	Aaa	1,250	5% due 9/01/2013	1,163
	AAA	Aaa	4,000	5% due 9/01/2023	3,601
	AAA	Aaa	1,500	Vacaville, California, Public Financing Authority, Tax Allocation Revenue Refunding Bonds (Vacaville Redevelopment Projects), 6.35% due 9/01/2022 (d)	1,564
	AAA	Aaa	1,500	Walnut, California, Public Financing Authority, Tax Allocation Revenue Refunding Bonds (Walnut Improvement Project), 6.50% due 9/01/2022 (d)	1,596
	TOTAL INVESTMENTS (COST--$112,527)--98.5%				118,033
	OTHER ASSETS LESS LIABILITIES--1.5%				1,788
	NET ASSETS--100.0%				$119,821

</TABLE>

(a) 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, 1995.
(b) AMBAC Insured.
(c) FGIC Insured.
(d) MBIA Insured.
(e) 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, 1995.
(f) GNMA Collateralized.
(g) FSA Insured.
(h) CGIC Insured.
*Not Rated.
++Highest short-term rating by Moody's Investors Service, Inc.

Ratings of issues shown have not been audited by Deloitte & Touche LLP.

See Notes to Financial Statements.

STATEMENT OF ASSETS, LIABILITIES AND CAPITAL
<TABLE>
<CAPTION>

As of October 31, 1995

<S>	<C>	<C>	<C>
Assets:	Investments, at value (identified cost--$112,527,018) (Note 1a)		$118,032,748
	Cash		28,784
	Interest receivable		1,949,006
	Deferred organization expenses (Note 1e)		13,548
	Prepaid expenses		6,906

	Total assets		120,030,992

Liabilities:	Payables:		
	Dividends to shareholders (Note 1f)	$ 124,298	
	Investment adviser (Note 2)	48,908	173,206

	Accrued expenses and other liabilities		37,219

</TABLE>

<TABLE>

<S>	<C>	<C>	<C>
	Total liabilities		210,425
Net Assets:	Net assets		$119,820,567
			============
Capital:	Capital Stock (200,000,000 shares authorized) (Note 4):		
	Preferred Stock, par value $.10 per share (1,600 shares of AMPS* issued and outstanding at $25,000 per share liquidation preference)		$ 40,000,000
	Common Stock, par value $.10 per share (5,961,365 shares issued and outstanding)	$ 596,136	
	Paid-in capital in excess of par	82,965,863	
	Undistributed investment income--net	452,016	
	Accumulated realized capital losses on investments--net (Note 5)	(9,699,178)	
	Unrealized appreciation on investments--net	5,505,730	

	Total--Equivalent to $13.39 net asset value per share of Common Stock (market price--$11.875)		79,820,567

	Total capital		$119,820,567
			============

</TABLE>

*Auction Market Preferred Stock.

See Notes to Financial Statements.

STATEMENT OF OPERATIONS

<TABLE>
<CAPTION>

For the Year Ended October 31, 1995

<S>	<C>	<C>	<C>
Investment Income (Note 1d):	Interest and amortization of premium and discount earned		$ 7,045,659
Expenses:	Investment advisory fees (Note 2)	$ 574,411	
	Commission fees (Note 4)	101,464	
	Professional fees	76,102	
	Printing and shareholder reports	41,820	
	Transfer agent fees	26,248	
	Listing fees	25,465	
	Accounting services (Note 2)	23,992	
	Directors' fees and expenses	22,690	
	Custodian fees	10,570	
	Pricing fees	6,304	
	Amortization of organization expenses (Note 1e)	5,434	
	Other	11,550	

	Total expenses		926,050

	Investment income--net		6,119,609

Realized &	Realized loss on investments--net		(3,594,227)

Unrealized Gain(Loss) on Invest-ments--Net (Notes 1b, 1d & 3):	Change in unrealized appreciation/depreciation on investments--net	13,039,828
	Net Increase in Net Assets Resulting from Operations	$15,565,210

</TABLE>

See Notes to Financial Statements.

MUNIVEST CALIFORNIA INSURED FUND, INC., OCTOBER 31, 1995

STATEMENTS OF CHANGES IN NET ASSETS
<TABLE>
<CAPTION>

		FOR THE YEAR ENDED OCTOBER 31,	
	Increase (Decrease) in Net Assets:	1995	1994
<S>	<C>	<C>	<C>
Operations:	Investment income--net	$ 6,119,609	$ 6,068,712
	Realized loss on investments--net	(3,594,227)	(6,104,947)
	Change in unrealized appreciation/depreciation on investments--net	13,039,828	(12,568,883)
	Net increase (decrease) in net assets resulting from operations	15,565,210	(12,605,118)
Dividends & Distributions to Share-holders (Note 1f):	Investment income--net:		
	Common Stock	(4,602,835)	(4,886,495)
	Preferred Stock	(1,492,944)	(1,215,832)
	Realized gain on investments--net:		
	Common Stock	--	(410,130)
	Preferred Stock	--	(62,896)
	Net decrease in net assets resulting from dividends and distributions to shareholders	(6,095,779)	(6,575,353)
Capital Stock Transactions (Notes 1e & 4):	Offering and underwriting costs resulting from the issuance of Preferred Stock	--	34,413
	Net increase in net assets derived from capital stock transactions	--	34,413
Net Assets:	Total increase (decrease) in net assets	9,469,431	(19,146,058)
	Beginning of year	110,351,136	129,497,194
	End of year*	$119,820,567	$110,351,136
	*Undistributed investment income--net	$ 452,016	$ 428,186

</TABLE>

See Notes to Financial Statements.

FINANCIAL HIGHLIGHTS
<TABLE>
<CAPTION>

	THE FOLLOWING PER SHARE DATA AND RATIOS HAVE BEEN DERIVED FROM INFORMATION PROVIDED IN THE FINANCIAL STATEMENTS.	FOR THE YEAR ENDED OCTOBER 31,		FOR THE PERIOD APRIL 30, 1993++ TO OCTOBER 31,
	INCREASE (DECREASE) IN NET ASSET VALUE:	1995	1994	1993
<S>	<C>	<C>	<C>	<C>
Per Share Operating Performance:	Net asset value, beginning of period	$ 11.80	$ 15.01	$ 14.18
	Investment income--net	1.03	1.01	.48
	Realized and unrealized gain (loss) on investments--net	1.58	(3.13)	.91

</TABLE>

<TABLE>

	Total from investment operations	2.61	(2.12)	1.39
	Less dividends and distributions to Common Stock shareholders:			
	Investment income--net	(.77)	(.82)	(.34)
	Realized gain on investments--net	--	(.07)	--
	Total dividends and distributions to Common Stock shareholders	(.77)	(.89)	(.34)
	Capital charge resulting from issuance of Common Stock	--	--	(.03)
	Effect of Preferred Stock activity:++++			
	Dividends and distributions to Preferred Stock shareholders:			
	Investment income--net	(.25)	(.20)	(.06)
	Realized gain on investments--net	--	(.01)	--
	Capital charge resulting from issuance of Preferred Stock	--	.01	(.13)
	Total effect of Preferred Stock activity	(.25)	(.20)	(.19)
	Net asset value, end of period	$ 13.39	$ 11.80	$ 15.01
	Market price per share, end of period	$ 11.875	$ 10.50	$ 14.75
Total Investment Return:**	Based on market price per share	20.89%	(23.56%)	.64%+++
	Based on net asset value per share	21.30%	(15.58%)	8.34%+++
Ratios to Average Net Assets:***	Expenses, net of reimbursement	.81%	.76%	.41%*
	Expenses	.81%	.81%	.83%*
	Investment income--net	5.33%	5.06%	4.82%*
Supplemental Data:	Net assets, net of Preferred Stock, end of period (in thousands)	$ 79,821	$ 70,351	$ 89,497
	Preferred Stock outstanding, end of period (in thousands)	$ 40,000	$ 40,000	$ 40,000
	Portfolio turnover	90.41%	81.53%	38.34%
Dividends Per Share on Preferred Stock Outstanding:++++++	Investment income--net	$ 933	$ 760	$ 239

</TABLE>

*Annualized.
**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 loads.
***Do not reflect the effect of dividends to Preferred Stock shareholders.
++Commencement of Operations.
++++The Fund's Preferred Stock was issued on June 1, 1993.
++++++Dividends per share have been adjusted to reflect a two-for-one stock split.
+++Aggregate total investment return.

See Notes to Financial Statements.

MUNIVEST CALIFORNIA INSURED FUND, INC., OCTOBER 31, 1995

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES:
MuniVest California 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 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 MVC. 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, which are traded on exchanges, are valued at their last sale price as of the close of such exchanges or, lacking any sales, at the last available bid price. 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 strategies to seek to increase its return by hedging its portfolio against adverse movements in the debt markets. Losses may arise due to changes in the value of the contract or if the counterparty does not perform under the contract.

o Financial futures contracts--The Fund may purchase or sell interest rate 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.

o 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). Interest income is recognized on the accrual basis. Discounts and market premiums are amortized into interest income. Realized gains and losses on security transactions are determined on the identified cost basis.

(e) Deferred organization and offering expenses--Deferred organization expenses are amortized on a straight-line basis over a five-year period beginning with the commencement of operations of the Fund.

Direct expenses relating to the public offering of the Fund's Common and Preferred Stock were charged to capital at the time of issuance of the shares.

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

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

FAM is responsible for the management of the Fund's portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of the Fund. For such services, the Fund pays a monthly fee at an annual rate of 0.50% of the Fund's average weekly net assets.

Accounting services are provided to the Fund by FAM at cost.

Certain officers and/or directors of the Fund are officers and/or directors of FAM, PSI, Merrill Lynch, Pierce, Fenner & Smith Inc. ("MLPF&S"), and/or ML & Co.

3. INVESTMENTS:
Purchases and sales of investments, excluding short-term securities, for the year ended October 31, 1995 were $99,785,185 and $102,282,899, respectively.

Net realized and unrealized gains (losses) as of October 31, 1995 were as follows:

	REALIZED LOSSES	UNREALIZED GAINS
Long-term investments	$(2,173,988)	$5,505,730
Financial futures contracts	(1,420,239)	--
Total	$(3,594,227)	$5,505,730

As of October 31, 1995, net unrealized appreciation for Federal income tax purposes aggregated $5,505,730, of which $5,548,018 related to appreciated securities and $42,288 related to depreciated securities.

The aggregate cost of investments at October 31, 1995 for Federal income tax purposes was $112,527,018.

4. CAPITAL STOCK TRANSACTIONS:
The Fund is authorized to issue 200,000,000 shares of capital 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 capital stock without approval of holders of Common Stock.

Common Stock
For the year ended October 31, 1995, shares issued and outstanding remained constant at 5,961,365. At October 31, 1995, total paid-in capital amounted to $83,561,999.

Preferred Stock
Auction Market Preferred Stock ("AMPS") are shares of Preferred Stock of the Fund that entitle their holders to receive cash dividends at an annual rate that may vary for the successive dividend periods. The yield in effect at October 31, 1995 was 3.375%.

A two-for-one stock split occurred on December 1, 1994. As a result, as of October 31, 1995 there were 1,600 AMPS authorized, issued and outstanding with a liquidation preference of $25,000 per share.

The Fund pays commissions to certain broker-dealers at the end of each auction at an annual rate ranging from 0.25% to 0.375%, calculated on the proceeds of each auction. For the year ended October 31, 1995, MLPF&S, an affiliate of FAM, earned $88,206 as commissions.

5. CAPITAL LOSS CARRYFORWARD:
At October 31, 1995, the Fund had a capital loss carryforward of approximately $8,322,000, of which $6,105,000 expires in 2002 and $2,217,000 expires in 2003. This amount will be available to offset like amounts of any future taxable gains.

6. SUBSEQUENT EVENT:
On November 13, 1995, the Fund's Board of Directors declared an ordinary income dividend to Common Stock shareholders in the amount of $.069464 per share, payable on November 29, 1995 to shareholders of record as of November 24, 1995.

UNAUDITED FINANCIAL STATEMENTS FOR MUNIVEST CALIFORNIA INSURED
FOR THE SIX-MONTH PERIOD ENDED APRIL 30, 1996

MUNIVEST CALIFORNIA INSURED FUND, INC., APRIL 30, 1996
(in Thousands)

SCHEDULE OF INVESTMENTS

<TABLE>
<CAPTION>

STATE	S&P RATINGS	MOODY'S RATINGS	FACE AMOUNT	ISSUE	VALUE (NOTE 1A)
<S>	<C>	<C>	<C>	<C>	<C>
California--100.6%	AAA	Aaa	$ 2,485	California Health Facilities Financing Authority, Insured Revenue Bonds (Children's Hospital of San Diego), 7% due 7/01/2000(d)(h)	$ 2,763
	AA-	Aa	2,500	California HFA, Home Mortgage Revenue Bonds, AMT, Series F-1, 7% due 8/01/2026	2,586
	AA-	Aa	2,000	California HFA, Revenue Bonds, RIB, AMT, 9.237% due 8/01/2023(e)	2,020
	A1+	VMIG1++	5,200	California Pollution Control Financing Authority, Solid Waste Disposal Revenue Bonds (Shell Oil Co.--Martinez Project), VRDN, AMT, Series A, 3.80% due 10/01/2024(a)	5,200
	NR*	Aaa	670	California Rural Home Mortgage Finance Authority, S/F Mortgage Revenue Bonds (Mortgage-Backed Securities Program), AMT, Series A-2, 7.95% due 12/01/2024(f)(i)	749
	AA	Aa	1,000	California State Department of Water Resources, Water System Revenue Bonds (Central Valley Project), Series O, 5% due 12/01/2022	864
	AAA	Aaa	1,000	California State, GO, 4.75% due 9/01/2018(g)	832
				California State Public Works Board, Lease Revenue Bonds, Series A:	
	A-	A	3,500	(Department of Corrections--Monterey County), 7% due 11/01/2019	3,810
	AAA	Aaa	2,500	(Various University of California Projects), 6.40% due 12/01/2016(b)	2,600
	AAA	Aaa	2,000	California State University, Housing System Revenue Refunding Bonds, 5.90% due 11/01/2021(c)	1,977
	AA	Aa	2,000	California Statewide Community Development Authority Revenue Bonds, COP (Saint Joseph Health System Group), 6.625% due 7/01/2021	2,080

	AAA	Aaa	2,000	Central Coast Water Authority, California, Revenue Bonds (Water Project Regional Facilities), 6.60% due 10/01/2022(b)	2,124
	AAA	Aaa	1,990	Compton, California, Community Redevelopment Agency, Tax Allocation Refunding Bonds (Compton Redevelopment Project), Series A, 6.50% due 8/01/2013(g)	2,112
	AAA	Aaa	2,000	Cucamonga County, California, Water District Facilities Refinancing Bonds, COP, 6.50% due 9/01/2022(c)	2,082
	AAA	Aaa	5,000	Culver City, California, Redevelopment Finance Authority, Tax Allocation Revenue Refunding Bonds, 5.50% due 11/01/2014(b)	4,864
	AAA	Aaa	2,050	Elk Grove, California, Unified School District, Special Tax Refunding Bonds (Community Facilities District No. 1), 5.60%++ due 12/01/2017(b)	554
				Fresno, California, Sewer Revenue Bonds:	
	AAA	Aaa	1,000	(Fowler Avenue Project), Series A, 6.25% due 8/01/2011 (b)	1,038
	AAA	Aaa	3,000	Series A, 4.75% due 9/01/2026(d)	2,461
	AAA	Aaa	600	Series A-1, 6.25% due 9/01/2014(b)	535
	AAA	Aaa	1,000	Series A-1, 5.25% due 9/01/2019(b)	925
	AA	Aa	1,035	Long Beach, California, Water Revenue Refunding Bonds, 6.25% due 5/01/2024	1,057
				Los Angeles, California, Community Redevelopment Agency, Tax Allocation Refunding Bonds (Bunker Hill), Series H(g):	
	AAA	Aaa	1,500	6.50% due 12/01/2015	1,576
	AAA	Aaa	3,500	6.50% due 12/01/2016	3,678
	AA	Aa	3,000	Los Angeles, California, Harbor Department Revenue Bonds, AMT, Series B, 6.625% due 8/01/2025	3,124
	AAA	Aaa	2,900	Los Angeles, California, Wastewater System Revenue Refunding Bonds, Series D, 4.70% due 11/01/2017(c)	2,417

</TABLE>

<TABLE>

<S>	<C>	<C>	<C>	<C>	<C>
	AAA	Aaa	7,335	Los Angeles County, California, COP (Correctional Facilities Project), 6.50% due 9/01/2013 (d)	7,682
	AAA	Aaa	2,250	Los Angeles County, California, Metropolitan Transportation Authority, Sales Tax Revenue Bonds (Proposition C), Senior Series B, 4.75% due 7/01/2018 (b)	1,876
	AAA	Aaa	1,000	Los Angeles County, California, Transportation Commission, Sales Tax Revenue Bonds, Series A, 6.75% due 7/01/2001 (c) (h)	1,115
				M--S--R Public Power Agency, California, Revenue Bonds (San Juan Project) (d):	
	AAA	Aaa	1,500	Refunding, 6.75% due 7/01/2020	1,665
	AAA	Aaa	2,000	Series E, 6.75% due 7/01/2011	2,139
	AAA	Aaa	1,000	Metropolitan Water District, Southern California Waterworks, Revenue Refunding Bonds, Series B, 4.75% due 7/01/2021 (d)	833
	AAA	Aaa	1,000	Oakland, California, Redevelopment Agency Refunding Bonds, INFLOS, 8.321% due 9/01/2019 (d) (e)	955
	AAA	Aaa	2,750	Oceanside, California, COP (Watereuse Association, California, Financing Project), Series A, 6.50% due 10/01/2017 (b)	2,877
	A+	A1	2,000	Pasadena, California, COP, Refunding (Old Pasadena Package Facility Project), 6.25% due 1/01/2018	2,050
	AAA	Aaa	5,000	Pioneers Memorial Hospital District, California, Refunding, GO, UT, 6.50% due 10/01/2024 (b)	5,255
	AAA	Aaa	2,000	Port Oakland, California, Port Revenue Bonds, AMT, Series E, 6.50% due 11/01/2016 (d)	2,054
	AAA	Aaa	3,000	Rancho Cucamonga, California, Redevelopment Agency, Tax Allocation	

				Bonds (Rancho Redevelopment Project), 6.75% due 9/01/2020 (d)	3,187
	A+	Aa	1,500	Sacramento, California, City Financing Authority, Lease Revenue Refunding Bonds, Series B, 5.40% due 11/01/2020	1,385
	AAA	Aaa	4,000	Sacramento, California, Municipal Utilities District, Electric Revenue Bonds, Series B, 6.375% due 8/15/2022 (d)	4,141
	AAA	Aaa	1,000	Sacramento County, California, COP, GO, 6.50% due 6/01/2015 (d)	1,038
				San Francisco, California, City and County Airport Commission, International Airport Revenue Bonds, Second Series:	
	AAA	Aaa	2,000	AMT, Issue 5, 6.50% due 5/01/2019 (c)	2,050
	AAA	Aaa	2,000	AMT, Issue 6, 6.60% due 5/01/2020 (b)	2,065
	AAA	Aaa	2,000	Refunding, Issue 2, 6.75% due 5/01/2013 (d)	2,163
				San Francisco, California, City and County Redevelopment Agency, Lease Revenue Bonds (George R. Moscone Convention Center) (g):	
	AAA	Aaa	2,800	6.75% due 7/01/2015	3,035
	AAA	Aaa	1,500	6.75% due 7/01/2024	1,623
	AAA	VMIG1+	3,800	San Jose-Santa Clara, California, Water Financing Authority, Sewer Revenue Bonds, VRDN, Series B, 3.85% due 11/15/2020 (a) (c)	3,800
	AAA	Aaa	2,450	San Mateo County, California, Joint Powers Financing Authority, Lease Revenue Refunding Bonds (Capital Projects Program), 5.125% due 7/01/2018 (d)	2,225

</TABLE>

Portfolio
Abbreviations

To simplify the listings of MuniVest California 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 below and at right.

AMT   Alternative Minimum Tax (subject to)
COP   Certificates of Participation
GO   General Obligation Bonds
HFA   Housing Finance Agency
INFLOS Inverse Floating Rate Municipal Bonds
RIB   Residual Interest Bonds
S/F   Single-Family
UT   Unlimited Tax
VRDN   Variable Rate Demand Notes

MUNIVEST CALIFORNIA INSURED FUND, INC., APRIL 30, 1996

<TABLE>
<CAPTION>
SCHEDULE OF INVESTMENTS (concluded) (in Thousands)

STATE	S&P RATINGS	MOODY'S RATINGS	FACE AMOUNT	ISSUE	VALUE (NOTE 1A)
<S>	<C>	<C>	<C>	<C>	<C>
California (concluded)	AAA	Aaa	$ 1,000	Southern California Public Power Authority, Power Project Revenue Refunding Bonds (Mead Adelanto Project), Series A, 4.875% due 7/01/2020 (b)	$ 845
	AAA	Aaa	3,500	Stockton, California, Revenue Bonds (Wastewater Treatment Plant Expansion), COP, Series A, 6.70% due 9/01/2014 (c)	3,765
	AAA	Aaa	1,500	Vacaville, California, Public Financing Authority, Tax Allocation Revenue Refunding Bonds (Vacaville Redevelopment Projects), 6.35% due 9/01/2022 (d)	1,539
	AAA	Aaa	1,500	Walnut, California, Public Financing Authority, Tax Allocation Revenue Refunding Bonds (Walnut Improvement Project), 6.50% due 9/01/2022 (d)	1,568

	AAA	Aaa	1,000	Walnut Creek, California, COP, Refunding (John Muir Medical Center), 5% due 2/15/2016 (d)	880
Puerto Rico--1.3%	A1+	VMIG1++	1,500	Puerto Rico Commonwealth, Highway and Transportation Authority, Highway Revenue Bonds, VRDN, Series X, 3.75% due 7/01/1999 (a)	1,500
	TOTAL INVESTMENTS (COST--$117,312)--101.9%				119,338
	LIABILITIES IN EXCESS OF OTHER ASSETS--(1.9%)				(2,269)

	NET ASSETS--100.0%				$117,069
					========

</TABLE>

(a) The interest rate is subject to change periodically based upon prevailing market rates. The interest rate shown is the rate in effect aT April 30, 1996.
(b) AMBAC Insured.
(c) FGIC Insured.
(d) MBIA Insured.
(e) 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 April 30, 1996.
(f) GNMA Collateralized.
(g) FSA Insured.
(h) Prerefunded.
(i) FHLMC Insured.
*Not Rated.
+Highest short-term rating by Moody's Investors Service, Inc.
++Represents a zero coupon bond; the interest rate shown is the effective yield at the time of purchase by the Fund.

See Notes to Financial Statements.

STATEMENT OF ASSETS, LIABILITIES AND CAPITAL

<TABLE>
<CAPTION>

	As of April 30, 1996		
<S>	<C>	<C>	<C>
Assets:	Investments, at value (identified cost--$117,311,603) (Note 1a)		$119,338,022
	Cash		62,535
	Interest receivable		1,964,779
	Deferred organization expenses (Note 1e)		13,548
	Prepaid expenses and other assets		7,439

	Total assets		121,386,323

Liabilities:	Payables:		
	Securities purchased	$ 4,0097,715	
	Dividends to shareholders (Note 1f)	123,658	

</TABLE>

<TABLE>

<S>	<C>	<C>	<C>
	Investment adviser (Note 2)	48,211	4,269,584

	Accrued expenses and other liabilities		47,258

	Total liabilities		4,316,842

Net Assets:	Net assets		$117,069,481
			============
Capital:	Capital Stock (200,000,000 shares authorized) (Note 4):		
	Preferred Stock, par value $.10 per share (1,600 shares of AMPS* issued and outstanding at $25,000 per share liquidation preference)		$ 40,000,000
	Common Stock, par value $.10 per share (5,961,365 shares issued and outstanding)	$ 596,136	
	Paid-in capital in excess of par	82,965,863	
	Undistributed investment income--net	406,542	
	Accumulated realized capital losses on investments--net (Note 5)	(8,925,479)	

	Unrealized appreciation on investments--net	2,026,419	
	Total--Equivalent to $12.93 net asset value per share of Common Stock (market price--$12.50)		77,069,481
	Total capital		$117,069,481

</TABLE>

*Auction Market Preferred Stock.

See Notes to Financial Statements.

STATEMENT OF OPERATIONS

<TABLE>
<CAPTION>

	FOR THE SIX MONTHS ENDED APRIL 30, 1996		
<S>	<C>	<C>	<C>
Investment Income (Note 1d):	Interest and amortization of premium and discount earned		$ 3,484,789
Expenses:	Investment advisory fees (Note 2)	$ 301,093	
	Commission fees (Note 4)	50,051	
	Professional fees	35,378	
	Transfer agent fees	22,170	
	Accounting services (Note 2)	21,869	
	Printing and shareholder reports	20,592	
	Directors' fees and expenses	11,216	
	Listing fees	8,098	
	Custodian fees	5,092	
	Pricing fees	2,799	
	Amortization of organization expenses (Note 1e)	2,687	
	Other	7,929	
	Total expenses		488,974
	Investment income--net		2,995,815
Realized & Unrealized Gain (Loss) on Invest-ments--Net (Notes 1b, 1d & 3):	Realized gain on investments--net		773,699
	Change in unrealized appreciation on investments--net		(3,479,311)
	Net Increase in Net Assets Resulting from Operations		$ 290,203

</TABLE>

See Notes to Financial Statements.

MUNIVEST CALIFORNIA INSURED FUND, INC., APRIL 30, 1996

STATEMENTS OF CHANGES IN NET ASSETS

<TABLE>
<CAPTION>

INCREASE (DECREASE) IN NET ASSETS:		FOR THE SIX MONTHS APRIL 30, 1996	FOR THE YEAR ENDED OCTOBER 31, 1995
<S>	<C>	<C>	<C>
Operations:	Investment income--net	$ 2,995,815	$ 6,119,609
	Realized gain (loss) on investments--net	773,699	(3,594,227)
	Change in unrealized appreciation/depreciation on investments--net	(3,479,311)	13,039,828
	Net increase in net assets resulting from operations	290,203	15,565,210

Dividends to Shareholders (Note 1f):	Investment income--net:		
	Common Stock	(2,347,961)	(4,602,835)
	Preferred Stock	(693,328)	(1,492,944)
	Net decrease in net assets resulting from dividends to shareholders	(3,041,289)	(6,095,779)
Net Assets:	Total increase (decrease) in net assets	(2,751,086)	9,469,431
	Beginning of period	119,820,567	110,351,136
	End of period*	$117,069,481	$119,820,567
	*Undistributed investment income--net	$ 406,542	$ 452,016

</TABLE>

See Notes to Financial Statements.

FINANCIAL HIGHLIGHTS

<TABLE>
<CAPTION>

THE FOLLOWING PER SHARE DATA AND RATIOS HAVE BEEN DERIVED FROM INFORMATION PROVIDED IN THE FINANCIAL STATEMENTS.		FOR THE SIX MONTHS ENDED APRIL 30,	FOR THE YEAR ENDED OCTOBER 31,		FOR THE PERIOD APRIL 30, 1993++ TO OCTOBER 31,
INCREASE (DECREASE) IN NET ASSET VALUE:		1996	1995	1994	1993
<S>	<C>	<C>	<C>	<C>	<C>
Per Share Operating Performance:	Net asset value, beginning of period	$ 13.39	$ 11.80	$ 15.01	$ 14.18
	Investment income--net	.50	1.03	1.01	.48
	Realized and unrealized gain (loss) on investments--net	(.45)	1.58	(3.13)	.91
	Total from investment operations	.05	2.61	(2.12)	1.39
	Less dividends and distributions to Common Stock shareholders:				
	Investment income--net	(.39)	(.77)	(.82)	(.34)
	Realized gain on investments--net	--	--	(.07)	--

</TABLE>

<TABLE>

<S>	<C>	<C>	<C>	<C>	<C>
	Total dividends and distributions to Common Stock shareholders	(.39)	(.77)	(.89)	(.34)
	Capital charge resulting from issuance of Common Stock	--	--	--	(.03)
	Effect of Preferred Stock activity:++				
	Dividends and distributions to Preferred Stock shareholders:				
	Investment income--net	(.12)	(.25)	(.20)	(.06)
	Realized gain on investments--net	--	--	(.01)	--
	Capital charge resulting from issuance of Preferred Stock	--	--	.01	(.13)
	Total effect of Preferred Stock activity	(.12)	(.25)	(.20)	(.19)
	Net asset value, end of period	$ 12.93	$ 13.39	$ 11.80	$ 15.01
	Market price per share, end of period	$ 12.50	$ 11.875	$ 10.50	$ 14.75
Total Investment Return:**	Based on market price per share	8.59%++++	20.89%	(23.56%)	.64%+
	Based on net asset value per share	(.38%)++++	21.30%	(15.58%)	8.34%+
Ratios to Average Net Assets:***	Expenses, net of reimbursement	.81%*	.81%	.76%	.41%*
	Expenses	.81%*	.81%	.81%	.83%*

	Investment income--net	4.96%*	5.33%	5.06%	4.82%*
Supplemental Data:	Net assets, net of Preferred Stock, end of period (in thousands)	$ 77,069	$ 79,821	$ 70,351	$ 89,497
	Preferred Stock outstanding, end of period (in thousands)	$ 40,000	$ 40,000	$ 40,000	$ 40,000
	Portfolio turnover	40.93%	90.41%	81.53%	38.34%
Leverage:	Asset coverage per $1,000	$ 2,927	$ 2,996	$ 2,759	$ 3,237
Dividends Per Share on Preferred Stock Outstanding:+++	Investment income--net	$ 433	$ 933	$ 760	$ 239

</TABLE>

*Annualized.
**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 loads.
***Does not reflect the effect of dividends to Preferred Stock shareholders.
+Commencement of Operations.
++The Fund's Preferred Stock was issued on June 1, 1993.
+++Dividends per share have been adjusted to reflect a two-for-one stock split, that occurred on December 1, 1994.
++++Aggregate total investment return.

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES:
MuniVest California Insured Fund, Inc. (the "Fund") is registered under the Investment Company Act of 1940 as a non-diversified, closed-end management investment company. These unaudited financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim period presented. All such adjustments are of a normal recurring nature. 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 MVC. 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, which are traded on exchanges, are valued at their last sale price as of the close of such exchanges or, lacking any sales, at the last available bid price. 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 strategies to seek to increase its return by hedging its portfolio against adverse movements in the debt markets. Losses may arise due to changes in the value of the contract or if the counterparty does not perform under the contract.

o Financial futures contracts--The Fund may purchase or sell interest rate 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.

o 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). Interest income is recognized on the accrual basis. Discounts and market premiums are amortized into interest income. Realized gains and losses on security transactions are determined on the identified cost basis.

(e) Deferred organization expenses--Deferred organization expenses are amortized on a straight-line basis over a five-year period beginning with the commencement of operations of the Fund.

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

2. INVESTMENT ADVISORY AGREEMENT AND TRANSACTIONS WITH AFFILIATES:

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

FAM is responsible for the management of the Fund's portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of the Fund. For such services, the Fund pays a monthly fee at an annual rate of 0.50% of the Fund's average weekly net assets.

Accounting services are provided to the Fund by FAM at cost.

Certain officers and/or directors of the Fund are officers and/or directors of FAM, PSI, Merrill Lynch, Pierce, Fenner & Smith Inc. ("MLPF&S"), and/or ML & Co.

3. INVESTMENTS:
Purchases and sales of investments, excluding short-term securities, for the six months ended April 30, 1996 were $47,480,994 and $50,979,792, respectively.

Net realized and unrealized gains (losses) as of April 30, 1996 were as follows:

	REALIZED GAINS (LOSSES)	UNREALIZED GAINS
Long-term investments	$600,348	$2,026,419
Short-term investments	(384)	--
Financial futures contracts	173,735	--
Total	$773,699	$2,026,419

As of April 30, 1996, net unrealized appreciation for Federal income tax purposes aggregated $2,026,419, of which $3,254,408 related to appreciated securities and $1,227,989 related to depreciated securities. The aggregate cost of investments at April 30, 1996 for Federal income tax purposes was $117,311,603.

4. CAPITAL STOCK TRANSACTIONS:
The Fund is authorized to issue 200,000,000 shares of capital 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 capital stock without approval of holders of Common Stock.

Common Stock
For the six months ended April 30, 1996, shares issued and outstanding remained constant at 5,961,365. At April 30, 1996, total paid-in capital amounted to $83,561,999.

Preferred Stock
Auction Market Preferred Stock ("AMPS") are shares of Preferred Stock of the Fund that entitle their holders to receive cash dividends at an annual rate that may vary for the successive dividend periods. The yield in effect at April 30, 1996 was 3.79%.

As of April 30, 1996 there were 1,600 AMPS authorized, issued and outstanding with a liquidation preference of $25,000 per share.

The Fund pays commissions to certain broker-dealers at the end of each auction at an annual rate ranging from 0.25% to 0.375%, calculated on the proceeds of each auction. For the six months ended April 30, 1996, MLPF&S, an affiliate of FAM, earned $38,828 as commissions.

5. CAPITAL LOSS CARRYFORWARD:
At October 31, 1995, the Fund had a net capital loss carryforward of approximately $8,322,000, of which $6,105,000 expires in 2002 and $2,217,000 expires in 2003. This amount will be available to offset like amounts of any future taxable gains.

6. SUBSEQUENT EVENT:
On May 10, 1996, the Fund's Board of Directors declared an ordinary income dividend to Common Stock shareholders in the amount of $0.061836 per share, payable on May 30, 1996 to shareholders of record as of May 21, 1996.

UNAUDITED FINANCIAL STATEMENTS FOR THE COMBINED FUND
ON A PRO FORMA BASIS AS OF APRIL 30, 1996

The following unaudited pro forma Combined Schedule of Investments as of April 30, 1996, represents a combining of the portfolios of each of the Funds as of that date. No adjustments were required to arrive at the Pro Forma for Combined Fund values. For additional information about the holdings of each Fund see the Schedule of Investments for each of the Funds as of April 30, 1996 contained in this Joint Proxy Statement and Prospectus as follows: MuniYield California Insured II (pages F-14 to F-17) and MuniVest California Insured (pages F-35 to F-37).

COMBINED SCHEDULE OF INVESTMENTS FOR
MUNIYIELD CALIFORNIA INSURED FUND II, INC.
AND MUNIVEST CALIFORNIA INSURED FUND, INC.

SCHEDULE OF INVESTMENTS (UNAUDITED)

APRIL 30, 1996

(IN THOUSANDS)

<TABLE>
<CAPTION>

California -- 99.7%		MUNIYIELD CALIFORNIA INSURED II	MUNIVEST CALIFORNIA INSURED	PRO FORMA FOR COMBINED FUND
TOTAL FACE AMOUNT	ISSUE	VALUE	VALUE	VALUE
$ 2,000	Berkeley, California, Unified School District, UT, Series C, 6.50% due 8/01/2019(b)....................	$ 2,101	$ --	$ 2,101
2,485	California Health Facilities Financing Authority, Insured Revenue Bonds (Children's Hospital of San Diego), 7% due 7/01/2000(d)(i)......................	--	2,763	2,763
	California Health Facilities Financing Authority Revenue Bonds:			
1,000	(Adventist Health System-West), Series B, 6.25% due 3/01/2021(d)....................................	1,019	--	1,019
1,000	(Kaiser Permanente), Series A, 7% due 10/01/2018(b)..................................	1,076	--	1,076
2,855	(Kaiser Permanente), Series A, 6.50% due 12/01/2020.....................................	2,928	--	2,928
15,750	(San Diego Children's Hospital), 6.50% due 7/01/2000(d)(i)................................	17,215	--	17,215
	California HFA, Home Mortgage Revenue Bonds:			
6,400	AMT, Series F-1, 7% due 8/01/2026..................	4,033	2,586	6,619
2,425	Refunding, AMT, Series H, 7.50% due 8/01/2025.......	2,556	--	2,556
5,750	Series B, 6.90% due 8/01/2016......................	5,862	--	5,862
4,000	California HFA, Revenue Bonds, RIB, AMT, 9.237% due 8/01/2023(j).......................................	2,020	2,020	4,040
4,000	California Maritime Infrastructure Authority, Airport Revenue Bonds (San Diego Unified Port District), AMT, 5% due 11/01/2020(b)..........................	3,444	--	3,444

</TABLE>

COMBINED SCHEDULE OF INVESTMENTS FOR
MUNIYIELD CALIFORNIA INSURED FUND II, INC.
AND MUNIVEST CALIFORNIA INSURED FUND, INC.

SCHEDULE OF INVESTMENTS (UNAUDITED) (CONTINUED)

APRIL 30, 1996

(IN THOUSANDS)

<TABLE>
<CAPTION>

California -- 99.7%		MUNIYIELD CALIFORNIA INSURED II	MUNIVEST CALIFORNIA INSURED	PRO FORMA FOR COMBINED FUND
TOTAL FACE AMOUNT	ISSUE	VALUE	VALUE	VALUE

$ 300	California Pollution Control Financing Authority, PCR (Southern California Edison), VRDN, Series C, 3.75% due 2/28/2008(a)	$ 300	$ --	$ 300
600	California Pollution Control Financing Authority, Resource Recovery Revenue Bonds (Honey Lake Power Project), VRDN, AMT, 4.10% due 9/01/2018(a)	600	--	600
5,200	California Pollution Control Financing Authority, Solid Waste Disposal Revenue Bonds (Shell Oil Co. -- Martinez Project), VRDN, AMT, Series A, 3.80% due 10/01/2024(a)	--	5,200	5,200
	California Rural Home Mortgage Finance Authority, S/F Mortgage Revenue Bonds (Mortgage-Backed Securities Program), AMT (g):			
1,000	Series A-1, 6.90% due 12/01/2024	1,049	--	1,049
670	Series A-2, 7.95% due 12/01/2024	--	749	749
6,360	California State Department of Water Resources, Water System Revenue Bonds (Central Valley Project), Series O, 5% due 12/01/2022	4,633	864	5,497
	California State, GO (c):			
1,935	UT, 7% due 11/01/2004 (i)	2,243	--	2,243
65	UT, 7% due 11/01/2014	72	--	72
1,000	4.75% due 9/01/2018 (h)	--	832	832
	California State Public Works Board, Lease Revenue Bonds:			
3,000	(Department of Corrections -- California State Prison -- Susanville), Series D, 5.25% due 6/01/2015 (f)	2,782	--	2,782
3,500	(Department of Corrections -- Monterey County), Series A, 7% due 11/01/2019	--	3,810	3,810
3,000	Refunding (Department of Corrections -- State Prisons), Series A, 5% due 12/01/2019 (b)	2,669	--	2,669
900	(Secretary of State), Series A, 6.40% due 12/01/2007 (b)	992	--	992
2,000	(Various Community College Projects), Series B, 7% due 3/01/2014	2,168	--	2,168

</TABLE>

COMBINED SCHEDULE OF INVESTMENTS FOR
MUNIYIELD CALIFORNIA INSURED FUND II, INC.
AND MUNIVEST CALIFORNIA INSURED FUND, INC.

SCHEDULE OF INVESTMENTS (UNAUDITED) (CONTINUED)

APRIL 30, 1996

(IN THOUSANDS)

<TABLE>
<CAPTION>

California -- 99.7%		MUNIYIELD CALIFORNIA INSURED II	MUNIVEST CALIFORNIA INSURED	PRO FORMA FOR COMBINED FUND
TOTAL FACE AMOUNT	ISSUE	VALUE	VALUE	VALUE
$ 5,700	(Various University of California Projects), Series A, 6.40% due 12/01/2016 (b)	$ 3,328	$ 2,600	$ 5,928
7,415	California State University, Housing System Revenue Refunding Bonds, 5.90% due 11/01/2021 (c)	5,352	1,977	7,329
	California Statewide Community Development Authority Revenue Bonds, COP:			
1,000	(Good Samaritan Health System), 6.50% due 5/01/2004 (e)(i)	1,120	--	1,120
1,300	Refunding (Saint Joseph Health System), VRDN, 3.75% due 7/01/2008 (a)	1,300	--	1,300
2,000	(Saint Joseph Health System Group), 6.625% due 7/01/2021	--	2,080	2,080
	Central Coast Water Authority, California, Revenue Bonds (State Water Project Regional Facilities) (b):			
2,385	6.50% due 10/01/2014	2,511	--	2,511
7,500	6.60% due 10/01/2022	7,967	--	7,967
2,000	6.60% due 10/01/2022 (b)	--	2,124	2,124
7,990	Compton, California, Community Redevelopment Agency, Tax Allocation Refunding Bonds (Compton Redevelopment Project), Series A, 6.50% due 8/01/2013 (h)	6,368	2,112	8,480

4,000	Cucamonga County, California, Water District Facilities Refinancing Bonds, COP, 6.50% due 9/01/2022 (c)	2,082	2,082	4,164
	Culver City, California, Redevelopment Finance Authority, Tax Allocation Revenue Refunding Bonds (b):			
10,425	5.50% due 11/01/2014	5,278	4,864	10,142
1,785	5% due 11/01/2023	1,527	--	1,527
1,750	East Bay, California, Municipal Utilities District, Water System Subordinate Revenue Refunding Bonds, 5% due 6/01/2021 (d)	1,514	--	1,514
6,000	El Cajon, California, Redevelopment Agency, Tax Allocation Bonds (El Cajon Redevelopment Project), 6.60% due 10/01/2022 (b)	6,406	--	6,406

</TABLE>

COMBINED SCHEDULE OF INVESTMENTS FOR
MUNIYIELD CALIFORNIA INSURED FUND II, INC.
AND MUNIVEST CALIFORNIA INSURED FUND, INC.

SCHEDULE OF INVESTMENTS (UNAUDITED) (CONTINUED)

APRIL 30, 1996

(IN THOUSANDS)

<TABLE>
<CAPTION>

California -- 99.7%		MUNIYIELD CALIFORNIA INSURED II	MUNIVEST CALIFORNIA INSURED	PRO FORMA FOR COMBINED FUND
TOTAL FACE AMOUNT	ISSUE	VALUE	VALUE	VALUE
	Elk Grove, California, Unified School District, Special Tax Revenue Bonds (Community Facilities District No. 1):			
$ 3,125	7% due 12/01/2003 (b)(i)	$ 3,608	$ --	$ 3,608
2,050	Refunding, 5.60%++ due 12/01/2017	--	554	554
	Fresno, California, Sewer Revenue Bonds:			
1,000	(Fowler Avenue Project), Series A, 6.25% due 8/01/2011 (b)	--	1,038	1,038
5,000	Series A, 4.75% due 9/01/2026 (b)(d)	1,641	2,461	4,102
500	Series A-1, 6.25% due 9/01/2014 (b)	--	535	535
2,500	Series A-1, 5.25% due 9/01/2019 (a)	1,388	925	2,313
1,035	Long Beach, California, Water Revenue Refunding Bonds, 6.25% due 5/01/2024	--	1,057	1,057
	Los Angeles, California, Community Redevelopment Agency, Tax Allocation Refunding Bonds (Bunker Hill), Series H (g):			
1,500	6.50% due 12/01/2015	--	1,576	1,576
3,500	6.50% due 12/01/2016	--	3,678	3,678
	Los Angeles, California, Department of Water and Power, Electric Plant Revenue Refunding Bonds:			
4,990	4.75% due 8/15/2015 (c)	4,237	--	4,237
1,000	6.375% due 2/01/2020	1,036	--	1,036
5,000	Los Angeles, California, Harbor Department Revenue Bonds, AMT, Series B, 6.625% due 8/01/2025	2,083	3,124	5,207
1,000	Los Angeles, California, State Building Authority, Lease Revenue Refunding Bonds (California State Department of General Services), Series A, 5.625% due 5/01/2011	984	--	984
2,900	Los Angeles, California, Wastewater System Revenue Refunding Bonds, Series D, 4.70% due 11/01/2017 (c)	--	2,417	2,417
7,335	Los Angeles County, California, COP (Correctional Facilities Project), 6.50% due 9/01/2013 (d)	--	7,682	7,682

</TABLE>

COMBINED SCHEDULE OF INVESTMENTS FOR
MUNIYIELD CALIFORNIA INSURED FUND II, INC.
AND MUNIVEST CALIFORNIA INSURED FUND, INC.

SCHEDULE OF INVESTMENTS (UNAUDITED) (CONTINUED)

APRIL 30, 1996

(IN THOUSANDS)

<TABLE>
<CAPTION>

<C> California -- 99.7% TOTAL FACE AMOUNT	<S> ISSUE	<C> MUNIYIELD CALIFORNIA INSURED II VALUE	<C> MUNIVEST CALIFORNIA INSURED VALUE	<C> PRO FORMA FOR COMBINED FUND VALUE
	Los Angeles County, California, Metropolitan Transportation Authority, Sales Tax Revenue Refunding Bonds, Proposition C:			
$ 2,250	Senior Series B, 4.75% due 7/01/2018(b)............	$ --	$ 1,876	$ 1,876
12,400	VRDN, Second Senior Series A, 3.85% due 7/01/2020(a)(d)................................	12,400	--	12,400
10,000	Los Angeles County, California, Public Works Financing Authority, Lease Revenue Bonds (Multiple Capital Facilities Project--IV), 4.75% due 12/01/2013(d)....	8,643	--	8,643
5,000	Los Angeles County, California, Transportation Commission, Sales Tax Revenue Bonds, Series A, 6.75% due 7/01/2001(c)(i)...............................	4,459	1,115	5,574
	M-S-R Public Power Agency, California, Revenue Bonds (San Juan Project)(d):			
1,500	Refunding, 6.75% due 7/01/2020.....................	--	1,665	1,665
2,000	Series E, 6.75% due 7/01/2011......................	--	2,139	2,139
1,000	Series E, 6.50% due 7/01/2017......................	1,043	--	1,043
4,250	Marysville, California, Hospital Revenue Bonds (Fremont-Rideout Health Group), Series A, 6.30% due 1/01/2022(b)......................................	4,364	--	4,364
2,750	Metropolitan Water District, Southern California Waterworks Revenue Refunding Bonds, Series B, 4.75% due 7/01/2021(d)..................................	1,458	833	2,291
3,850	Mountain View, California, Capital Improvements Financing Authority Revenue Bonds (City Hall Community Theatre), 6.50% due 8/01/2016(d)..........	4,035	--	4,035
	Northern California Power Agency, Multiple Capital Facilities Revenue Bonds(d):			
2,500	RIB, 9.121% due 9/02/2025(j).......................	2,703	--	2,703
2,000	Series A, 6.50% due 8/01/2012......................	2,128	--	2,128
2,000	Northern California Transmission Revenue Bonds (California-Oregon Transmission Project), Series A, 6.50% due 5/01/2016(d)............................	2,117	--	2,117

</TABLE>

COMBINED SCHEDULE OF INVESTMENTS FOR
MUNIYIELD CALIFORNIA INSURED FUND II, INC.
AND MUNIVEST CALIFORNIA INSURED FUND, INC.

SCHEDULE OF INVESTMENTS (UNAUDITED) (CONTINUED)

APRIL 30, 1996

(IN THOUSANDS)

<TABLE>
<CAPTION>

<C> California -- 99.7% TOTAL FACE AMOUNT	<S> ISSUE	<C> MUNIYIELD CALIFORNIA INSURED II VALUE	<C> MUNIVEST CALIFORNIA INSURED VALUE	<C> PRO FORMA FOR COMBINED FUND VALUE
$ 1,000	Oakland, California, Redevelopment Agency Refunding Bonds, INFLOS, 8.321% due 9/01/2019 (d)(e)(j).......	$ --	$ 955	$ 955
2,750	Oceanside, California, COP (Watereuse Association, California, Financing Project), Series A, 6.50% due 10/01/2017 (b).....................................	--	2,877	2,877
7,000	Orange County, California, Local Transportation			

	Authority, Sales Tax Revenue Bonds, 6.20% due 2/14/2011 (b)......................................	7,197	--	7,197
2,360	Orchard, California, School District, GO, Series A, 6.50% due 8/01/2019(c)............................	2,487	--	2,487
2,000	Pasadena, California, COP, Refunding (Old Pasadena Package Facility Project), 6.25% due 1/01/2018......	--	2,050	2,050
7,500	Pioneers Memorial Hospital District, California, Refunding, GO, UT, 6.50% due 10/01/2024 (b).........	2,627	5,255	7,882
4,000	Port Oakland, California, Port Revenue Bonds, AMT, Series E, 6.50% due 11/01/2016 (d)..................	2,054	2,054	4,108
3,000	Rancho Cucamonga, California, Redevelopment Agency, Tax Allocation Bonds (Rancho Redevelopment Project), 6.75% due 9/01/2020 (d)............................	--	3,187	3,187
2,400	Riverside County, California, Transportation Commission, Sales Tax Revenue Bonds, Series A, 6.50% due 6/01/2001 (b)(i)...............................	2,643	--	2,643
	Sacramento, California, City Financing Authority, Lease Revenue Refunding Bonds:			
7,000	Series A, 5.40% due 11/01/2020 (b)..................	6,558	--	6,558
4,100	Series B, 5.40% due 11/01/2020.....................	2,401	1,385	3,786
	Sacramento, California, Municipal Utility District, Electric Revenue Bonds (d):			
1,270	Refunding, Series G, 6.50% due 9/01/2013.............	1,388	--	1,388
11,000	Series B, 6.375% due 8/15/2022.......................	7,247	4,141	11,388
1,000	Sacramento County, California, COP, GO, 6.50% due 6/01/2015(d).......................................	--	1,038	1,038

</TABLE>

COMBINED SCHEDULE OF INVESTMENTS FOR
MUNIYIELD CALIFORNIA INSURED FUND II, INC.
AND MUNIVEST CALIFORNIA INSURED FUND, INC.

SCHEDULE OF INVESTMENTS (UNAUDITED) (CONTINUED)

APRIL 30, 1996

(IN THOUSANDS)

<TABLE>
<CAPTION>

<C>	<S> California -- 99.7%	<C> MUNIYIELD CALIFORNIA INSURED II	<C> MUNIVEST CALIFORNIA INSURED	<C> PRO FORMA FOR COMBINED FUND
TOTAL FACE AMOUNT	ISSUE	VALUE	VALUE	VALUE
SecondSeries:$3,500	AMT, Issue 5, 6.50% due 5/01/2019 (c)...........	$ 1,538	$ 2,050	$ 3,588
3,000	AMT, Issue 6, 6.50% due 5/01/2018 (b)................	3,075	--	3,075
2,000	AMT, Issue 6, 6.60% due 5/01/2020 (b)................	--	2,065	2,065
4,385	Refunding, Issue 1, 6.30% due 5/01/2011 (b)...........	4,569	--	4,569
4,000	Refunding, Issue 1, 6.50% due 5/01/2013 (b)...........	4,248	--	4,248
3,000	Refunding, Issue 2, 6.75% due 5/01/2013 (d)...........	1,081	2,163	3,244
10,000	Refunding, Issue 2, 6.75% due 5/01/2020 (d)...........	10,788	--	10,788
	San Francisco, California, City and County Redevelopment Agency, Lease Revenue Bonds (George R. Moscone Convention Center) (h):			
2,800	6.75% due 7/01/2015..................................	--	3,035	3,035
3,050	6.75% due 7/01/2024..................................	1,677	1,623	3,300
2,000	San Jose, California, Redevelopment Agency, Tax Allocation Refunding Bonds (Merged Area Redevelopment Project), 4.75% due 8/01/2024 (d).....	1,659	--	1,659
3,800	San Jose-Santa Clara, California, Water Financing Authority, Sewer Revenue Bonds, VRDN, Series B, 3.85% due 11/15/2020 (a)(c)........................	--	3,800	3,800
2,450	San Mateo County, California, Joint Powers Financing Authority, Lease Revenue Refunding Bonds (Capital Projects Program), 5.125% due 7/01/2018(d)..........	--	2,225	2,225
3,430	Santa Ana, California, Financing Authority, Lease Revenue Bonds (Police Administration and Holding Facility), Series A, 6.25% due 7/01/2024(d).........	3,603	--	3,603
	Santa Clara County, California, Financing Authority, Lease Revenue Bonds (VMC Facility Replacement Project), Series A(b):			
2,500	7.75% due 11/15/2011................................	3,068	--	3,068
10,770	6.875% due 11/15/2014...............................	11,811	--	11,811

</TABLE>

COMBINED SCHEDULE OF INVESTMENTS FOR
MUNIYIELD CALIFORNIA INSURED FUND II, INC.
AND MUNIVEST CALIFORNIA INSURED FUND, INC.

SCHEDULE OF INVESTMENTS (UNAUDITED) (CONTINUED)

APRIL 30, 1996

(IN THOUSANDS)

California -- 99.7%

TOTAL FACE AMOUNT	ISSUE	MUNIYIELD CALIFORNIA INSURED II VALUE	MUNIVEST CALIFORNIA INSURED VALUE	PRO FORMA FOR COMBINED FUND VALUE
$ 1,700	6.75% due 11/15/2020	$ 1,841	$ --	$ 1,841
3,000	Santa Rosa, California, Wastewater Revenue Bonds (Subregional Wastewater Project), Series A, 6.50% due 9/01/2002(c)(i)	3,330	--	3,330
3,335	Southern California, HFA, S/F Mortgage Revenue Bonds Program, AMT, Series B, 6.90% due 10/01/2024(g)	3,406	--	3,406
	Southern California Public Power Authority, Power Project Revenue Refunding Bonds, Series A(b):			
2,000	(Mead Adelanto Project), 4.875% due 7/01/2020	845	845	1,690
5,455	(Mead Phoenix Project), 5% due 7/01/2017	4,794	--	4,794
10,800	Southern California Public Power Authority, Revenue Refunding Bonds (Southern Transmission Project), VRDN, 3.80% due 7/01/2019(a)(b)	10,800	--	10,800
1,265	Stanislaus, California, Waste-to-Energy Financing Agency, Solid Waste Facility Revenue Refunding Bonds (Ogden Martin System Inc. Project), 7.625% due 1/01/2010	1,361	--	1,361
3,500	Stockton, California, Revenue Bonds, COP (Wastewater Treatment Plant Expansion), Series A, 6.70% due 9/01/2014(c)	--	3,765	3,765
1,500	Vacaville, California, Public Financing Authority, Tax Allocation Revenue Refunding Bonds (Vacaville Redevelopment Projects), 6.35% due 9/01/2022(d)	--	1,539	1,539
1,500	Walnut, California, Public Financing Authority, Tax Allocation Revenue Refunding Bonds (Walnut Improvement Project), 6.50% due 9/01/2022(d)	--	1,568	1,568
1,000	Walnut Creek, California, COP, Refunding (John Muir Medical Center), 5% due 2/15/2016(d)	--	880	880

COMBINED SCHEDULE OF INVESTMENTS FOR
MUNIYIELD CALIFORNIA INSURED FUND II, INC.
AND MUNIVEST CALIFORNIA INSURED FUND, INC.
SCHEDULE OF INVESTMENTS (UNAUDITED) (CONCLUDED)

APRIL 30, 1996

(IN THOUSANDS)

Puerto Rico -- 1.8%

TOTAL FACE AMOUNT	ISSUE	MUNIYIELD CALIFORNIA INSURED II VALUE	MUNIVEST CALIFORNIA INSURED VALUE	PRO FORMA FOR COMBINED FUND VALUE*
$ 4,900	Puerto Rico Commonwealth, CP (Government Development Bank), 4.10% due 5/03/1996	$ 4,900	$ --	$ 4,900

2,100	Puerto Rico Commonwealth, Highway and Transportation Authority, Highway Revenue Bonds, VRDN, Series X, 3.75% due 7/01/1999 (a)............................	600	1,500	2,100
	Total Investments (Cost - $386,463) -- 101.5%.........	$ 276,438	$ 119,338	$ 395,776
		========	========	===========

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* Not Rated
(a) The interest rate is subject to change periodically based upon prevailing market rates. The interest rate shown is the rate in effect at April 30, 1996.
(b) AMBAC Insured.
(c) FGIC Insured.
(d) MBIA Insured.
(e) CAPMAC Insured.
(f) Capital Guaranty.
(g) GNMA/FNMA Collateralized.
(h) FSA Insured.
(i) Prerefunded.
(j) 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 April 30, 1996.
\+ Highest short-term rating by Moody's Investors Service, Inc.
++ Represents a zero coupon or step bond; the interest rate shown is the effective yield at the time of purchase by the fund.

To simplify the listings of MuniYield California Insured Fund II, Inc. and MuniVest California 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 below.

AMT	Alternative Minimum Tax (subject to)
COP	Certificate of Participation
CP	Commercial Paper
GO	General Obligation Bonds
HFA	Housing Finance Agency
INFLOS	Inverse Floating Rate Municipal Bonds
PCR	Pollution Control Revenue Bonds
RIB	Residual Interest Bonds
S/F	Single-family
UT	Unlimited Tax
VRDN	Variable Rate Demand Notes

The following unaudited pro forma Combined Statement of Assets, Liabilities and Capital for the Combined Fund has been derived from the Statements of Assets, Liabilities and Capital of the Funds at April 30, 1996 and such information has been adjusted to give effect to the Reorganization as if the Reorganization had occurred at April 30, 1996. The pro forma Combined Statement of Assets, Liabilities and Capital is presented for informational purposes only and does not purport to be indicative of the financial condition that actually would have resulted if the Reorganization had been consummated at April 30, 1996. The pro forma Combined Statement of Assets, Liabilities and Capital should be read in conjunction with the Funds' financial statements and related notes thereto which are included in this Joint Proxy Statement and Prospectus.

COMBINED STATEMENT OF ASSETS, LIABILITIES AND CAPITAL
AS OF APRIL 30, 1996
(UNAUDITED)

<TABLE>
<CAPTION>

	MUNIYIELD CALIFORNIA INSURED II	MUNIVEST CALIFORNIA INSURED	ADJUSTMENTS	PRO FORMA FOR COMBINED FUND
<S>	<C>	<C>	<C>	<C>
ASSETS:				
Investments, at value...	$276,437,893	$119,338,022	$ 0	$395,775,915
Cash..	8,239	62,535	0	70,774
Receivables:				
Interest..	5,040,369	1,964,779	0	7,005,148
Deferred organization expenses................................	15,227	13,548	(13,548)	15,227
Prepaid expenses and other assets.............................	10,301	7,439	0	17,740
	------------	------------	----------	------------
Total assets..	281,512,029	121,386,323	(13,548)	402,884,804
	------------	------------	----------	------------
LIABILITIES:				
Payables:				
Securities purchased..	8,015,282	4,097,715	2,038,340 (1)	12,112,997

Dividends to shareholders	254,185	123,658	0	2,416,183
Investment adviser	119,975	48,211	0	168,186
Accrued expenses and other liabilities	78,218	47,258	207,000 (2)	332,476
Total liabilities	8,467,660	4,316,842	2,245,340	15,029,842
Net Assets	$273,044,369	$117,069,481	$(2,258,888)	$387,854,962
CAPITAL:				
Capital Stock (200,000,000 shares of each fund authorized; 200,000,000 shares as adjusted); Preferred Stock, par value $.05 per share (3,600 shares of MuniYield California Insured II AMPS* and 1,600 Shares of MuniVest California Insured AMPS* issued and outstanding at $25,000 per share liquidation preference; 5,200 shares for the combined fund as adjusted)	$ 90,000,000	$ 40,000,000	$ 0	$130,000,000
Common Stock, par value $.10 per share (12,678,633 shares of MuniYield California Insured II Common Stock, and 5,961,365 shares of MuniVest California Insured Common Stock issued and outstanding; 18,036,505 shares for the combined fund as adjusted)	1,267,863	596,136	(60,348)	1,803,651
Paid-in-capital in excess of par	176,474,591	82,965,863	(160,200)	259,280,254
Undistributed investment income -- net	1,631,798	406,542	(2,038,340)	0
Accumulated realized capital losses on investments -- net	(3,617,195)	(8,925,479)	0	(12,542,674)
Unrealized appreciation on investments -- net	7,287,312	2,026,419	0	9,313,731
Total Capital -- Equivalent to $14.44 net asset value per share of MuniYield California Insured II Common Stock, $12.93 net asset value per share of MuniVest California Insured Common Stock and $14.30 net asset value per share for the combined fund as adjusted	$273,044,369	$117,069,481	$(2,258,888)	$387,854,962

</TABLE>

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* Auction Market Preferred Stock (AMPS).

(1) Assumes the distribution of undistributed investment income.

(2) Reflects the charge for estimated Reorganization expenses of $207,000.

The following unaudited pro forma combined statement of operations for the Funds has been derived from the statements of operations of the Funds for the six months ended April 30, 1996, and such information has been adjusted to give effect to the Reorganization as if the Reorganization had occurred on November 1, 1995. The pro forma combined statement of operations is presented for informational purposes only and does not purport to be indicative of the results of operations that actually would have resulted if the Reorganization had been consummated on November 1, 1995 nor which may result from future operations. The pro forma combined statement of operations should be read in conjunction with the Funds' financial statements and related notes thereto which are included in this Joint Proxy Statement and Prospectus.

COMBINED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED APRIL 30, 1996
(UNAUDITED)

<TABLE>
<CAPTION>

<S>	MUNIYIELD CALIFORNIA INSURED II <C>	MUNIVEST CALIFORNIA INSURED <C>	ADJUSTMENTS <C>	PRO FORMA FOR COMBINED FUND <C>
INVESTMENT INCOME:				
Interest and amortization of premium and discount earned	$ 7,984,785	$ 3,484,789	$ 0	$ 11,469,574
EXPENSES:				
Investment advisory fees	701,986	301,093		1,003,079
Commission fees	113,663	50,051		163,714
Transfer agent fees	27,840	22,170		50,010
Professional fees	39,776	35,378		75,154
Accounting services	24,440	21,869		46,309
Directors' fees and expenses	11,584	11,216		22,800
Printing and shareholder reports	14,997	20,592		35,589
Custodian fees	9,030	5,092		14,122
Listing fees	12,104	8,098		20,202
Pricing fees	5,372	2,799		8,171
Amortization of organization expenses	3,793	2,687		6,480
Other	10,988	7,929	207,000(1)	225,917
Total expenses	975,573	488,974	207,000	1,671,547

Investment income -- net	7,009,212	2,995,815	(207,000)	9,798,027
REALIZED AND UNREALIZED GAIN ON INVESTMENTS -- NET:				
Realized gain on investments -- net	1,059,556	773,699		1,833,255
Change in unrealized appreciation on investments -- net	(6,932,225)	(3,479,311)		(10,411,536)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	$ 1,136,543	$ 290,203	$(207,000)	$ 1,219,746

</TABLE>

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(1) Reflects the charge for estimated reorganization expenses of $207,000.

EXHIBIT I

AGREEMENT AND PLAN OF REORGANIZATION

THIS AGREEMENT AND PLAN OF REORGANIZATION (the "Agreement") is made as of the 21st day of August, 1996, by and between MuniVest California Insured Fund, Inc., a Maryland corporation ("MuniVest California Insured"), and MuniYield California Insured Fund II, Inc., a Maryland corporation ("MuniYield California Insured II").

PLAN OF REORGANIZATION

The reorganization will comprise (a) the acquisition by MuniYield California Insured II of all of the assets, and the assumption by MuniYield California Insured II of all of the liabilities, of MuniVest California Insured in exchange solely for an equal aggregate value of newly-issued shares of (i) common stock, par value $.10 per share, of MuniYield California Insured II ("MuniYield California Insured II Common Stock") and (ii) auction market preferred stock, with a liquidation preference of $25,000 per share plus an amount equal to accumulated but unpaid dividends thereon (whether or not earned or declared) to be designated Series C, of MuniYield California Insured II ("MuniYield California Insured II Series C AMPS"), and (b) the subsequent distribution to MuniVest California Insured stockholders of (x) all of the MuniYield California Insured II Common Stock received by MuniVest California Insured in exchange for their shares of common stock, par value $.10 per share, of MuniVest California Insured ("MuniVest California Insured Common Stock") and (y) all of the MuniYield California Insured II Series C AMPS received by MuniVest California Insured in exchange for their shares of auction market preferred stock, with a liquidation preference of $25,000 per share plus an amount equal to accumulated but unpaid dividends thereon (whether or not earned or declared), of MuniVest California Insured ("MuniVest California Insured AMPS"), all upon and subject to the terms hereinafter set forth (collectively, the "Reorganization").

In the course of the Reorganization, MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS will be distributed to MuniVest California Insured stockholders as follows: (i) each holder of MuniVest California Insured Common Stock will be entitled to receive a number of shares of MuniYield California Insured II Common Stock equal to the aggregate net asset value of the MuniVest California Insured Common Stock owned by such stockholder on the Exchange Date (as defined in Section 7(a) of this Agreement); and (ii) each holder of MuniVest California Insured AMPS will be entitled to receive a number of shares of MuniYield California Insured II Series C AMPS equal to the aggregate liquidation preference (and aggregate value) of the MuniVest California Insured AMPS owned by such stockholder on the Exchange Date. In consideration therefor, on the Exchange Date MuniYield California Insured II shall acquire all of the assets of MuniVest California Insured and shall assume all of MuniVest California Insured's obligations and liabilities then existing, whether absolute, accrued, contingent or otherwise. It is intended that the Reorganization described in this Plan shall be a reorganization within the meaning of Section 368(a)(1)(C) of the Internal Revenue Code of 1986, as amended (the "Code"), and any successor provision.

Prior to the Exchange Date, MuniVest California Insured shall declare a dividend or dividends which, together with all such previous dividends, shall have the effect of distributing to its stockholders all of its net investment company taxable income for the period from November 1, 1995 to and including the Exchange

Date, if any (computed without regard to any deduction or dividends paid), and all of its net capital gain, if any, realized for the period from November 1, 1995 to and including the Exchange Date. In this regard, the last dividend period for the MuniVest California Insured AMPS prior to the Exchange Date may be shorter than the dividend period for such AMPS determined as set forth in the applicable Articles Supplementary.

Separate Articles Supplementary to MuniYield California Insured II's Articles of Incorporation establishing the powers, rights and preferences of the MuniYield California Insured II Series C AMPS will have been filed with the State Department of Assessments and Taxation of Maryland (the "Maryland Department") prior to the Exchange Date (as defined in Section 7(a) of this Agreement).

As promptly as practicable after the liquidation of MuniVest California Insured pursuant to the Reorganization, MuniVest California Insured shall be dissolved in accordance with the laws of the State of Maryland, will terminate its registration under the Investment Company Act of 1940, as amended (the "1940 Act") and will terminate its listing on the New York Stock Exchange.

AGREEMENT

In order to consummate the Reorganization and in consideration of the premises and the covenants and agreements hereinafter set forth, and intending to be legally bound, MuniVest California Insured and MuniYield California Insured II hereby agree as follows:

1. REPRESENTATIONS AND WARRANTIES OF MUNIVEST CALIFORNIA INSURED.

MuniVest California Insured represents and warrants to, and agrees with, MuniYield California Insured II that:

(a) MuniVest California Insured is a corporation duly organized, validly existing and in good standing in conformity with the laws of the State of Maryland, and has the power to own all of its assets and to carry out this Agreement. MuniVest California Insured has all necessary Federal, state and local authorizations to carry on its business as it is now being conducted and to carry out this Agreement.

(b) MuniVest California Insured is duly registered under the 1940 Act as a non-diversified, closed-end management investment company (File No. 811-7576), and such registration has not been revoked or rescinded and is in full force and effect. MuniVest California Insured has elected and qualified for the special tax treatment afforded regulated investment companies ("RICs") under Sections 851-855 of the Code at all times since its inception and intends to continue to so qualify through its final taxable year ending upon liquidation.

(c) As used in this Agreement, the term "Investments" shall mean (i) the investments of MuniVest California Insured shown on the schedule of its investments as of the Valuation Time (as defined in Section 3(d) of this Agreement) furnished to MuniYield California Insured II; and (ii) all other assets owned by MuniVest California Insured or liabilities incurred as of the Valuation Time.

(d) MuniVest California Insured has full power and authority to enter into and perform its obligations under this Agreement. The execution, delivery and performance of this Agreement has been duly authorized by all necessary action of its Board of Directors, and this Agreement constitutes a valid and binding contract enforceable in accordance with its terms, subject to the effects of bankruptcy,

insolvency, moratorium, fraudulent conveyance and similar laws relating to or affecting creditors' rights generally and court decisions with respect thereto.

(e) MuniYield California Insured II has been furnished with MuniVest California Insured's Annual Report to Stockholders for the year ended October 31, 1995, and the audited financial statements appearing therein, having been examined by Deloitte & Touche LLP, independent public accountants, fairly present the financial position of MuniVest California Insured as of the respective dates indicated, in conformity with generally accepted accounting principles applied on a consistent basis.

(f) MuniYield California Insured II has been furnished with MuniVest California Insured's Semi-Annual Report to Stockholders for the six months ended April 30, 1996, and the unaudited financial statements appearing therein fairly present the financial position of MuniVest California Insured as of the respective dates indicated, in conformity with generally accepted accounting principles applied on a consistent basis.

(g) An unaudited statement of assets, liabilities and capital of MuniVest California Insured and an unaudited schedule of investments of

MuniVest California Insured, each as of the Valuation Time, will be furnished to MuniYield California Insured II at or prior to the Exchange Date for the purpose of determining the number of shares of MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS to be issued to MuniVest California Insured pursuant to Section 4 of this Agreement; and each will fairly present the financial position of MuniVest California Insured as of the Valuation Time in conformity with generally accepted accounting principles applied on a consistent basis.

(h) There are no material legal, administrative or other proceedings pending or, to the knowledge of MuniVest California Insured, threatened against MuniVest California Insured which assert liability on the part of MuniVest California Insured or which materially affect its financial condition or its ability to consummate the Reorganization. MuniVest California Insured is not charged with or, to the best of its knowledge, threatened with any violation or investigation of any possible violation of any provisions of any Federal, state or local law or regulation or administrative ruling relating to any aspect of its business.

(i) There are no material contracts outstanding to which MuniVest California Insured is a party that have not been disclosed in the N-14 Registration Statement (as defined in subsection (o) below) or will not otherwise be disclosed to MuniYield California Insured II prior to the Valuation Time.

(j) MuniVest California Insured is not a party to or obligated under any provision of its Articles of Incorporation, as amended, or its by-laws, as amended, or any contract or other commitment or obligation, and is not subject to any order or decree which would be violated by its execution of or performance under this Agreement, except insofar as MuniVest California Insured and MuniYield California Insured II have mutually agreed to amend such contract or other commitment or obligation to cure any potential violation as a condition precedent to the Reorganization.

(k) MuniVest California Insured has no known liabilities of a material amount, contingent or otherwise, other than those shown on its statements of assets, liabilities and capital referred to above, those incurred in the ordinary course of its business as an investment company since April 30, 1996, and those incurred in connection with the Reorganization. As of the Valuation Time, MuniVest California

Insured will advise MuniYield California Insured II in writing of all known liabilities, contingent or otherwise, whether or not incurred in the ordinary course of business, existing or accrued as of such time.

(l) MuniVest California Insured has filed, or has obtained extensions to file, all Federal, state and local tax returns which are required to be filed by it, and has paid or has obtained extensions to pay, all Federal, state and local taxes shown on said returns to be due and owing and all assessments received by it, up to and including the taxable year in which the Exchange Date occurs. All tax liabilities of MuniVest California Insured have adequately been provided for on its books, and no tax deficiency or liability of MuniVest California Insured has been asserted and no question with respect thereto has been raised by the Internal Revenue Service (the "IRS") or by any state or local tax authority for taxes in excess of those already paid, up to and including the taxable year in which the Exchange Date occurs.

(m) At both the Valuation Time and the Exchange Date, MuniVest California Insured will have full right, power and authority to sell, assign, transfer and deliver the Investments. At the Exchange Date, subject only to the delivery of the Investments as contemplated by this Agreement, MuniVest California Insured will have good and marketable title to all of the Investments, and MuniYield California Insured II will acquire all of the Investments free and clear of any encumbrances, liens or security interests and without any restrictions upon the transfer thereof (except those imposed by the Federal or state securities laws and those imperfections of title or encumbrances as do not materially detract from the value or use of the Investments or materially affect title thereto).

(n) No consent, approval, authorization or order of any court or governmental authority is required for the consummation by MuniVest California Insured of the Reorganization, except such as may be required under the Securities Act of 1933, as amended (the "1933 Act"), the Securities Exchange Act of 1934, as amended (the "1934 Act"), the 1940 Act or state securities laws (which term as used herein shall include the laws of the District of Columbia and Puerto Rico).

(o) The registration statement filed by MuniYield California Insured II on Form N-14 relating to the MuniYield California Insured II Common

Stock and the MuniYield California Insured II Series C AMPS to be issued pursuant to this Agreement, which includes the joint proxy statement of MuniVest California Insured and MuniYield California Insured II and the prospectus of MuniYield California Insured II with respect to the transaction contemplated herein, and any supplement or amendment thereto or to the documents therein (as amended, the "N-14 Registration Statement"), on its effective date, at the time of the stockholders' meetings referred to in Section 6(a) of this Agreement and on the Exchange Date, insofar as it relates to MuniVest California Insured (i) complied or will comply in all material respects with the provisions of the 1933 Act, the 1934 Act and the 1940 Act and the rules and regulations thereunder, and (ii) did not or will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; and the joint proxy statement and prospectus included therein did not or will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection shall apply only to statements in or omissions from the N-14 Registration Statement made in reliance upon and in conformity with information furnished by MuniVest California Insured for use in the N-14 Registration Statement as provided in Section 6(e) of this Agreement.

(p) MuniVest California Insured is authorized to issue 200,000,000 shares of capital stock, of which 1,600 shares have been designated as AMPS, and 199,998,400 shares have been designated as common stock, par value $.10 per share, each outstanding share of which is fully paid, nonassessable and has full voting rights.

(q) All of the issued and outstanding shares of MuniVest California Insured Common Stock and MuniVest California Insured AMPS were offered for sale and sold in conformity with all applicable Federal and state securities laws.

(r) The books and records of MuniVest California Insured made available to MuniYield California Insured II and/or its counsel are substantially true and correct and contain no material misstatements or omissions with respect to the operations of MuniVest California Insured.

(s) MuniVest California Insured will not sell or otherwise dispose of any of the shares of MuniYield California Insured II Common Stock or MuniYield California Insured II Series C AMPS to be received in the Reorganization, except in distribution to the stockholders of MuniVest California Insured as provided in Section 4 of this Agreement.

2. REPRESENTATIONS AND WARRANTIES OF MUNIYIELD CALIFORNIA INSURED II.

MuniYield California Insured II represents and warrants to, and agrees with, MuniVest California Insured that:

(a) MuniYield California Insured II is a corporation duly organized, validly existing and in good standing in conformity with the laws of the State of Maryland, and has the power to own all of its assets and to carry out this Agreement. MuniYield California Insured II has all necessary Federal, state and local authorizations to carry on its business as it is now being conducted and to carry out this Agreement.

(b) MuniYield California Insured II is duly registered under the 1940 Act as a non-diversified, closed-end management investment company (File No. 811-6692), and such registration has not been revoked or rescinded and is in full force and effect. MuniYield California Insured II has elected and qualified for the special tax treatment afforded RICs under Sections 851-855 of the Code at all times since its inception, and intends to continue to so qualify both until consummation of the Reorganization and thereafter.

(c) MuniYield California Insured II has full power and authority to enter into and perform its obligations under this Agreement. The execution, delivery and performance of this Agreement has been duly authorized by all necessary action of its Board of Directors and this Agreement constitutes a valid and binding contract enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, moratorium, fraudulent conveyance and similar laws relating to or affecting creditors' rights generally and court decisions with respect thereto.

(d) MuniVest California Insured has been furnished with MuniYield California Insured II's Annual Report to Stockholders for the year ended October 31, 1995, and the audited financial statements appearing therein, having been examined by Deloitte & Touche LLP, independent public accountants, fairly present the financial position of MuniYield California

Insured II as of the respective dates indicated, in conformity with generally accepted accounting principles applied on a consistent basis.

(e) MuniVest California Insured has been furnished with MuniYield California Insured II's Semi-Annual Report to Stockholders for the six months ended April 30, 1996, and the unaudited financial statements appearing therein fairly present the financial position of MuniYield California Insured II as of the respective dates indicated, in conformity with generally accepted accounting principles applied on a consistent basis.

(f) An unaudited statement of assets, liabilities and capital of MuniYield California Insured II and an unaudited schedule of investments of MuniYield California Insured II, each as of the Valuation Time (as defined in Section 3(c) of this Agreement), will be furnished to MuniVest California Insured at or prior to the Exchange Date for the purpose of determining the number of shares of MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS to be issued pursuant to Section 4 of this Agreement; each will fairly present the financial position of MuniYield California Insured II as of the Valuation Time in conformity with generally accepted accounting principles applied on a consistent basis.

(g) There are no material legal, administrative or other proceedings pending or, to the knowledge of MuniYield California Insured II, threatened against MuniYield California Insured II which assert liability on the part of MuniYield California Insured II or which materially affect its financial condition or its ability to consummate the Reorganization. MuniYield California Insured II is not charged with or, to the best of its knowledge, threatened with any violation or investigation of any possible violation of any provisions of any Federal, state or local law or regulation or administrative ruling relating to any aspect of its business.

(h) MuniYield California Insured II is not a party to or obligated under any provision of its Articles of Incorporation, as amended, or its by-laws, as amended, or any contract or other commitment or obligation, and is not subject to any order or decree which would be violated by its execution of or performance under this Agreement, except insofar as MuniVest California Insured and MuniYield California Insured II have mutually agreed to amend such contract or other commitment or obligation to cure any potential violation as a condition precedent to the Reorganization.

(i) There are no material contracts outstanding to which MuniYield California Insured II is a party that have not been disclosed in the N-14 Registration Statement or will not otherwise be disclosed to MuniVest California Insured prior to the Valuation Time.

(j) MuniYield California Insured II has no known liabilities of a material amount, contingent or otherwise, other than those shown on MuniYield California Insured II's statement of assets, liabilities and capital referred to above, those incurred in the ordinary course of its business as an investment company since April 30, 1996 and those incurred in connection with the Reorganization. As of the Valuation Time, MuniYield California Insured II will advise MuniVest California Insured in writing of all known liabilities, contingent or otherwise, whether or not incurred in the ordinary course of business, existing or accrued as of such time.

(k) No consent, approval, authorization or order of any court or governmental authority is required for the consummation by MuniYield California Insured II of the Reorganization, except such as may be required under the 1933 Act, the 1934 Act, the 1940 Act or state securities laws.

(l) The N-14 Registration Statement, on its effective date, at the time of the stockholders' meetings referred to in Section 6(a) of this Agreement and at the Exchange Date, insofar as it relates to MuniYield California Insured II (i) complied or will comply in all material respects with the provisions of the 1933 Act, the 1934 Act and the 1940 Act and the rules and regulations thereunder and (ii) did not or will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; and the joint proxy statement and prospectus included therein did not or will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection only shall apply to statements in or omissions from the

N-14 Registration Statement made in reliance upon and in conformity with information furnished by MuniYield California Insured II for use in the N-14 Registration Statement as provided in Section 6(e) of this Agreement.

(m) MuniYield California Insured II is authorized to issue 200,000,000 shares of capital stock, of which 1,800 shares have been designated as Series A AMPS and 1,800 shares have been designated as Series B AMPS (collectively, the "MuniYield California Insured II AMPS"), and 199,996,400 shares have been designated as common stock, par value $.10 per share, each outstanding share of which is fully paid, nonassessable and has full voting rights.

(n) The MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS to be issued to MuniVest California Insured pursuant to this Agreement will have been duly authorized and, when issued and delivered pursuant to this Agreement, will be legally and validly issued and will be fully paid and nonassessable and will have full voting rights, and no stockholder of MuniYield California Insured II will have any preemptive right of subscription or purchase in respect thereof.

(o) At or prior to the Exchange Date, the MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS to be transferred to MuniVest California Insured on the Exchange Date will be duly qualified for offering to the public in all states of the United States in which the sale of shares of MuniVest California Insured presently are qualified, and there are a sufficient number of such shares registered under the 1933 Act and with each pertinent state securities commission to permit the transfers contemplated by this Agreement to be consummated.

(p) At or prior to the Exchange Date, MuniYield California Insured II will have obtained any and all regulatory, Director and stockholder approvals necessary to issue the MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS to MuniVest California Insured.

3. THE REORGANIZATION.

(a) Subject to receiving the requisite approvals of the stockholders of each of MuniVest California Insured and MuniYield California Insured II and to the other terms and conditions contained herein, MuniVest California Insured agrees to convey, transfer and deliver to MuniYield California Insured II for the benefit of MuniYield California Insured II, and MuniYield California Insured II agrees to acquire from MuniVest California Insured for the benefit of MuniYield California Insured II, on the Exchange Date all of the Investments (including interest accrued as of the Valuation Time on debt instruments) of MuniVest California Insured, and assume all of the liabilities of MuniVest California Insured, in

exchange solely for that number of shares of MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS provided in Section 4 of this Agreement. Pursuant to this Agreement, as soon as practicable after the Exchange Date MuniVest California Insured will distribute all shares of MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS received by it to its stockholders in exchange for their corresponding shares of MuniVest California Insured Common Stock and MuniVest California Insured AMPS. Such distribution shall be accomplished by the opening of stockholder accounts on the stock ledger records of MuniYield California Insured II in the amounts due the stockholders of MuniVest California Insured based on their respective holdings in MuniVest California Insured as of the Valuation Time.

(b) Prior to the Exchange Date, MuniVest California Insured shall declare a dividend or dividends which, together with all such previous dividends, shall have the effect of distributing to its stockholders all of its net investment company taxable income for the period from November 1, 1995 to and including the Exchange Date, if any (computed without regard to any deduction or dividends paid), and all of its net capital gain, if any, realized for the period from November 1, 1995 to and including the Exchange Date. In this regard, the last dividend period for the MuniVest California Insured AMPS prior to the Exchange Date may be shorter than the dividend period for such AMPS determined as set forth in the applicable Articles Supplementary.

(c) MuniVest California Insured will pay, or cause to be paid, to MuniYield California Insured II any interest it receives on or after the Exchange Date with respect to the Investments transferred to MuniYield California Insured II hereunder.

(d) The Valuation Time shall be 4:15 P.M., New York time, on October 25, 1996, or such earlier or later day and time as mutually may be agreed upon in writing (the "Valuation Time").

(e) MuniYield California Insured II will acquire all of the assets of, and assume all of the known liabilities of, MuniVest California Insured, except that recourse for such liabilities will be limited to MuniYield California Insured II. The known liabilities of MuniVest California Insured as of the Valuation Time shall be confirmed in writing to MuniYield California Insured II by MuniVest California Insured pursuant to Section 1(k) of this Agreement.

(f) MuniYield California Insured II will file separate Articles Supplementary to its Articles of Incorporation establishing the powers, rights and preferences of the MuniYield California Insured II Series C AMPS with the Maryland Department prior to the Exchange Date (as defined in Section 7(a) of this Agreement).

(g) MuniVest California Insured and MuniYield California Insured II will jointly file Articles of Transfer with the Maryland Department and any such other instrument as may be required by the State of Maryland to effect the transfer of Investments of MuniVest California Insured to MuniYield California Insured II.

(h) MuniVest California Insured will be dissolved following the Exchange Date by filing Articles of Dissolution with the Maryland Department.

(i) As promptly as practicable after the liquidation of MuniVest California Insured pursuant to the Reorganization, MuniVest California Insured shall terminate its registration under the 1940 Act.

4. ISSUANCE AND VALUATION OF MUNIYIELD CALIFORNIA INSURED II COMMON STOCK AND MUNIYIELD CALIFORNIA INSURED II SERIES C AMPS IN THE REORGANIZATION.

Full shares of MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS of an aggregate net asset value or liquidation preference, as the case may be, equal (to the nearest one ten thousandth of one cent) to the value of the assets of MuniVest California Insured acquired in the Reorganization determined as hereinafter provided, reduced by the amount of liabilities of MuniVest California Insured assumed by MuniYield California Insured II, shall be issued by MuniYield California Insured II in exchange for such assets of MuniVest California Insured, plus cash in lieu of fractional shares. The net asset value of MuniVest California Insured and MuniYield California Insured II shall be determined as of the Valuation Time in accordance with the procedures described in (i) the prospectus of MuniYield California Insured II, dated October 23, 1992, relating to the MuniYield California Insured II Common Stock and (ii) the prospectus of MuniYield California Insured II, dated November 23, 1992, relating to the MuniYield California Insured II AMPS, and no formula will be used to adjust the net asset value so determined of either MuniVest California Insured or MuniYield California Insured II to take into account differences in realized and unrealized gains and losses. Values in all cases shall be determined as of the Valuation Time. The value of the Investments of MuniVest California Insured to be transferred to MuniYield California Insured II shall be determined by MuniYield California Insured II pursuant to the procedures utilized by MuniYield California Insured II in valuing its own assets and determining its own liabilities for purposes of the Reorganization. Such valuation and determination shall be made by MuniYield California Insured II in cooperation with MuniVest California Insured and shall be confirmed in writing by MuniYield California Insured II to MuniVest California Insured. The net asset value per share of the MuniYield California Insured II Common Stock and the liquidation preference per share of the MuniYield California Insured II Series C AMPS shall be determined in accordance with such procedures and MuniYield California Insured II shall certify the computations involved. MuniYield California Insured II shall issue to MuniVest California Insured separate certificates or share deposit receipts for the MuniYield California Insured II Common Stock and the MuniYield California Insured II Series C AMPS, each registered in the name of MuniVest California Insured. MuniVest California Insured then shall distribute the MuniYield California Insured II Common Stock and the MuniYield California Insured II Series C AMPS to its corresponding stockholders of MuniVest California Insured Common Stock and MuniVest California Insured AMPS by redelivering the certificates or share deposit receipts evidencing ownership of (i) the MuniYield California Insured II Common Stock to State Street Bank and Trust Company, as the transfer agent and registrar for the MuniYield California Insured II Common Stock and (ii) the MuniYield California Insured II Series C AMPS to IBJ Schroder Bank and Trust Company, as the transfer agent and registrar for the MuniYield California Insured II Series C AMPS. With respect to any MuniVest California Insured stockholder holding certificates evidencing ownership of either the MuniVest California Insured Common Stock or the MuniVest California Insured AMPS as of the Exchange Date, and subject to MuniYield California Insured II being informed thereof in writing by MuniVest California Insured, MuniYield California Insured II will not permit such stockholder to receive new certificates evidencing ownership of the MuniYield California Insured II Common Stock or MuniYield California Insured II Series C AMPS, exchange MuniYield California Insured II Common Stock or MuniYield California Insured II Series C AMPS credited to such stockholder's account for shares of other investment companies managed by Merrill Lynch Asset Management, L.P. or any of its affiliates, or pledge or redeem such MuniYield California Insured II Common Stock or MuniYield California Insured II Series C AMPS, in any case, until notified by MuniVest California Insured or its agent

that such stockholder has surrendered his or her outstanding certificates evidencing ownership of the MuniVest California Insured Common Stock or the MuniVest California Insured AMPS or, in the event of lost certificates, posted adequate bond. MuniVest California Insured, at its own expense, will request its stockholders to surrender their outstanding certificates evidencing ownership of the MuniVest California Insured Common Stock or the MuniVest California Insured AMPS, as the case may be, or post adequate bond therefor.

Dividends payable to holders of record of shares of MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS, as the case may be, as of any date after the Exchange Date and prior to the exchange of certificates by any stockholder of MuniVest California Insured shall be payable to such stockholder without interest; however, such dividends shall not be paid unless and until such stockholder surrenders his or her stock certificates of MuniVest California Insured for exchange.

No fractional shares of MuniYield California Insured II Common Stock will be issued to holders of MuniVest California Insured Common Stock. In lieu thereof, MuniYield California Insured II's transfer agent, State Street Bank and Trust Company, will aggregate all fractional shares of MuniYield California Insured II Common Stock and sell the resulting full shares on the New York Stock Exchange at the current market price for shares of MuniYield California Insured II for the account of all holders of fractional interests, and each such holder will receive such holder's pro rata share of the proceeds of such sale upon surrender of such holder's MuniVest California Insured Common Stock certificates.

5. PAYMENT OF EXPENSES.

(a) MuniYield California Insured II shall pay, subsequent to the Exchange Date, all expenses incurred in connection with the Reorganization, including, but not limited to, all costs related to the preparation and distribution of a memorandum to the independent Directors of each of the Funds, the N-14 Registration Statement and a private letter ruling request to the IRS, expenses incurred in connection with the deregistration and dissolution of MuniVest California Insured and the fees of special counsel to the Reorganization. Such fees and expenses shall include legal, accounting and state securities or blue sky fees, printing costs, filing fees, stock exchange fees, rating agency fees, portfolio transfer taxes (if any), and any similar expenses incurred in connection with the Reorganization. Neither MuniVest California Insured nor MuniYield California Insured II shall pay any expenses of its respective stockholders arising out of or in connection with the Reorganization.

(b) If for any reason the Reorganization is not consummated, no party shall be liable to any other party for any damages resulting therefrom, including, without limitation, consequential damages.

6. COVENANTS OF MUNIVEST CALIFORNIA INSURED AND MUNIYIELD CALIFORNIA INSURED II.

(a) MuniVest California Insured and MuniYield California Insured II each agrees to call an annual meeting of its respective stockholders as soon as is practicable after the effective date of the N-14 Registration Statement for the purpose of considering the Reorganization as described in this Agreement.

(b) MuniVest California Insured and MuniYield California Insured II each covenants to operate its respective business as presently conducted between the date hereof and the Exchange Date.

(c) MuniVest California Insured agrees that following the consummation of the Reorganization, it will liquidate and dissolve in accordance with the laws of the State of Maryland and any other applicable law, it will not make any distributions of any MuniYield California Insured II Common Stock or MuniYield California Insured II Series C AMPS other than to the stockholders of MuniVest California Insured and without first paying or adequately providing for the payment of all of MuniVest California Insured's liabilities not assumed by MuniYield California Insured II, if any, and on and after the Exchange Date it shall not conduct any business except in connection with its liquidation and dissolution.

(d) MuniVest California Insured undertakes that if the Reorganization is consummated, it will file, or cause its agents to file, an application pursuant to Section 8(f) of the 1940 Act for an order declaring that MuniVest California Insured has ceased to be a registered investment company.

(e) MuniYield California Insured II will file the N-14 Registration Statement with the Securities and Exchange Commission (the "Commission") and will use its best efforts to provide that the N-14 Registration Statement becomes effective as promptly as practicable. MuniVest California Insured and MuniYield California Insured II agree to cooperate fully with each other, and each will furnish to the other the information relating to itself to be set forth in the N-14 Registration Statement as required by the 1933 Act, the 1934 Act, the 1940 Act, and the rules and regulations thereunder and the state securities or blue sky laws.

(f) MuniYield California Insured II agrees to advise MuniVest California Insured promptly in writing if at any time prior to the Exchange Date the assets of MuniVest California Insured include any assets which MuniYield California Insured II is not permitted, or reasonably believes to be unsuitable for it, to acquire, including without limitation any security which, prior to its acquisition by MuniVest California Insured, MuniYield California Insured II has informed MuniVest California Insured is unsuitable for MuniYield California Insured II to acquire. Moreover, MuniYield California Insured II has no plan or intention to sell or otherwise dispose of the assets of MuniVest California Insured to be acquired in the Reorganization, except for dispositions made in the ordinary course of business.

(g) MuniVest California Insured and MuniYield California Insured II each agrees that by the Exchange Date all of its Federal and other tax returns and reports required to be filed on or before such date shall have been filed and all taxes shown as due on said returns either have been paid or adequate liability reserves have been provided for the payment of such taxes. In connection with this covenant, the funds agree to cooperate with each other in filing any tax return, amended return or claim for refund, determining a liability for taxes or a right to a refund of taxes or participating in or conducting any audit or other proceeding in respect of taxes. MuniYield California Insured II agrees to retain for a period of ten (10) years following the Exchange Date all returns, schedules and work papers and all material records or other documents relating to tax matters of MuniVest California Insured for its taxable period first ending after the Exchange Date and for all prior taxable periods. Any information obtained under this subsection shall be kept confidential except as otherwise may be necessary in connection with the filing of returns or claims for refund or in conducting an audit or other proceeding. After the Exchange Date, MuniVest California Insured shall prepare, or cause its agents to prepare, any Federal, state or local tax returns, including any Forms 1099, required to be filed by MuniVest California Insured with respect to MuniVest California Insured's final taxable year ending with its complete liquidation and for any prior periods or taxable years and further shall cause such tax returns and Forms 1099 to be duly filed with the appropriate taxing authorities. Notwithstanding the aforementioned provisions of this subsection, any

expenses incurred by MuniVest California Insured (other than for payment of taxes) in connection with the preparation and filing of said tax returns and Forms 1099 after the Exchange Date shall be borne by MuniYield California Insured II.

(h) MuniVest California Insured and MuniYield California Insured II each agrees to mail to each of its respective stockholders of record entitled to vote at the annual meeting of stockholders at which action is to be considered regarding this Agreement, in sufficient time to comply with requirements as to notice thereof, a combined proxy statement and prospectus which complies in all material respects with the applicable provisions of Section 14(a) of the 1934 Act and Section 20(a) of the 1940 Act, and the rules and regulations, respectively, thereunder.

(i) Following the consummation of the Reorganization, MuniYield California Insured II expects to stay in existence and continue its business as a closed-end management investment company registered under the 1940 Act.

7. EXCHANGE DATE.

(a) Delivery of the assets of MuniVest California Insured to be transferred, together with any other Investments, and the MuniYield

California Insured II Common Stock and MuniYield California Insured II Series C AMPS to be issued, shall be made at the offices of Brown & Wood LLP, One World Trade Center, New York, New York 10048, at 10:00 A.M. on the next full business day following the Valuation Time, or at such other place, time and date agreed to by MuniVest California Insured and MuniYield California Insured II, the date and time upon which such delivery is to take place being referred to herein as the "Exchange Date". To the extent that any Investments, for any reason, are not transferable on the Exchange Date, MuniVest California Insured shall cause such Investments to be transferred to MuniYield California Insured II's account with State Street Bank and Trust Company at the earliest practicable date thereafter.

(b) MuniVest California Insured will deliver to MuniYield California Insured II on the Exchange Date confirmations or other adequate evidence as to the tax basis of each of the Investments delivered to MuniYield California Insured II hereunder, certified by Deloitte & Touche LLP.

(c) MuniYield California Insured II shall have made prior arrangements for the delivery on the Exchange Date of the Investments to State Street Bank and Trust Company as the custodian for MuniYield California Insured II.

(d) As soon as practicable after the close of business on the Exchange Date, MuniVest California Insured shall deliver to MuniYield California Insured II a list of the names and addresses of all of the stockholders of record of MuniVest California Insured on the Exchange Date and the number of shares of MuniVest California Insured Common Stock and/or MuniVest California Insured AMPS owned by each such stockholder, certified to the best of their knowledge and belief by the transfer agent for the MuniVest California Insured Common Stock or the MuniVest California Insured AMPS, as applicable, or by its President.

8. MUNIVEST CALIFORNIA INSURED CONDITIONS.

The obligations of MuniVest California Insured hereunder shall be subject to the following conditions:

(a) That this Agreement shall have been adopted, and the Reorganization shall have been approved, by the affirmative vote of two-thirds of the members of the Boards of Directors of MuniVest California Insured and MuniYield California Insured II and by the affirmative vote of (i) the holders of (a) a majority of the MuniVest California Insured Common Stock and MuniVest California Insured AMPS, voting together as a single class, and (b) a majority of the MuniVest California Insured AMPS, voting separately as a class, in each case issued and outstanding and entitled to vote thereon; and (ii) the holders of (x) a majority of the MuniYield California Insured II Common Stock and the MuniYield California Insured II AMPS, voting together as a single class, and (y) a majority of the MuniYield California Insured II AMPS, voting separately as a class, in each case issued and outstanding and entitled to vote thereon; and further that (iii) MuniYield California Insured II shall have delivered to MuniVest California Insured a copy of the resolution approving this Agreement adopted by MuniYield California Insured II's Board of Directors, and a certificate setting forth the vote of MuniYield California Insured II's stockholders obtained, each certified by the Secretary of MuniYield California Insured II; and (iv) MuniVest California Insured shall have delivered to MuniYield California Insured II a copy of the resolution approving this Agreement adopted by MuniVest California Insured's Board of Directors, and a certificate setting forth the vote of MuniVest California Insured's stockholders obtained, each certified by the Secretary of MuniVest California Insured.

(b) That MuniYield California Insured II shall have furnished to MuniVest California Insured a statement of MuniYield California Insured II's assets, liabilities and capital, with values determined as provided in Section 4 of this Agreement, together with a schedule of its investments, all as of the Valuation Time, certified on MuniVest California Insured's behalf by its President (or any Vice President) and its Treasurer, and a certificate signed by MuniYield California Insured II's President (or any Vice President) and its Treasurer, dated as of the Exchange Date, certifying that as of the Valuation Time and as of the Exchange Date there has been no material adverse change in the financial position of MuniYield California Insured II since October 31, 1995, other than changes in its portfolio securities since that date or changes in the market value of its portfolio securities.

(c) That MuniYield California Insured II shall have furnished to MuniVest California Insured a certificate signed by MuniYield California Insured II's President (or any Vice President) and its Treasurer, dated as of the Exchange Date, certifying that as of the Valuation Time and as of the Exchange Date all representations and warranties of MuniYield

California Insured II made in this Agreement are true and correct in all material respects with the same effect as if made at and as of such dates, and that MuniYield California Insured II has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied at or prior to such date.

(d) That there shall not be any material litigation pending with respect to the matters contemplated by this Agreement.

(e) That MuniVest California Insured shall have received an opinion of Brown & Wood LLP, as counsel to both MuniVest California Insured and MuniYield California Insured II, in form and substance satisfactory to MuniVest California Insured and dated the Exchange Date, to the effect that (i) each of MuniVest California Insured and MuniYield California Insured II is a corporation duly organized,

validly existing and in good standing in conformity with the laws of the State of Maryland; (ii) the MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS to be issued pursuant to this Agreement are duly authorized and, upon delivery, will be validly issued and outstanding and fully paid and nonassessable by MuniYield California Insured II, and no stockholder of MuniYield California Insured II has any preemptive right to subscription or purchase in respect thereof (pursuant to the Articles of Incorporation, as amended, or the by-laws of MuniYield California Insured II or, to the best of such counsel's knowledge, otherwise); (iii) this Agreement has been duly authorized, executed and delivered by each of MuniVest California Insured and MuniYield California Insured II, and represents a valid and binding contract, enforceable in accordance with its terms except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws pertaining to the enforcement of creditors' rights generally and equitable principles; (iv) MuniVest California Insured has the power to sell, assign, transfer and deliver the assets transferred by it hereunder and, upon consummation of the Reorganization in accordance with the terms of this Agreement, MuniVest California Insured will have duly transferred such assets and liabilities in accordance with this Agreement; (v) no consent, approval, authorization or order of any United States federal or Maryland state court or governmental authority is required for the consummation by MuniVest California Insured and MuniYield California Insured II of the Reorganization, except such as have been obtained under the 1933 Act, the 1934 Act and the 1940 Act and the published rules and regulations of the Commission thereunder and under Maryland law and such as may be required under state securities or blue sky laws; (vi) the N-14 Registration Statement has become effective under the 1933 Act, no stop order suspending the effectiveness of the N-14 Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or contemplated under the 1933 Act, and the N-14 Registration Statement, and each amendment or supplement thereto, as of their respective effective dates, appear on their face to be appropriately responsive in all material respects to the requirements of the 1933 Act, the 1934 Act and the 1940 Act and the published rules and regulations of the Commission thereunder; (vii) the descriptions in the N-14 Registration Statement of statutes, legal and governmental proceedings and contracts and other documents are accurate and fairly present the information required to be shown; (viii) such counsel do not know of any statutes, legal or governmental proceedings or contracts or other documents related to the Reorganization of a character required to be described in the N-14 Registration Statement which are not described therein or, if required to be filed, filed as required; (ix) the execution and delivery of this Agreement does not, and the consummation of the Reorganization will not, violate any material provision of the Articles of Incorporation, as amended, the by-laws, as amended, or any agreement (known to such counsel) to which either MuniVest California Insured or MuniYield California Insured II is a party or by which either MuniVest California Insured or MuniYield California Insured II is bound, except insofar as the parties have agreed to amend such provision as a condition precedent to the Reorganization; (x) neither MuniVest California Insured nor MuniYield California Insured II, to the knowledge of such counsel, is required to qualify to do business as a foreign corporation in any jurisdiction except as may be required by state securities or blue sky laws, and except where each has so qualified or the failure so to qualify would not have a material adverse effect on MuniVest California Insured, MuniYield California Insured II, or their respective stockholders; (xi) to the best of such counsel's knowledge, no material suit, action or legal or administrative proceeding is pending or threatened against MuniVest California Insured or MuniYield California Insured II, the unfavorable outcome of which would materially and adversely affect MuniVest California Insured or MuniYield California Insured II; and (xii) all corporate actions required to be taken by MuniVest California Insured and MuniYield California Insured II to authorize this Agreement and to effect the Reorganization have been duly authorized by all necessary corporate actions on the part of MuniVest California Insured and MuniYield California Insured II. Such opinion also shall state that (x) while such counsel cannot make any representation as to the accuracy or completeness of statements of fact in the N-14 Registration Statement or any amendment or supplement thereto, nothing has come to their attention that would lead them to believe that, on the respective effective dates of the N-14 Registration Statement and any amendment or supplement thereto, (1) the N-14 Registration Statement or any amendment or supplement thereto contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading; and (2) the prospectus included in the N-14 Registration Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (y) such counsel do not express any opinion or belief as to the financial statements, other financial data, statistical data or information relating to MuniVest California Insured or MuniYield California Insured II contained or incorporated by reference in the N-14 Registration Statement. In giving the opinion set forth above, Brown & Wood LLP may state that it is relying on certificates of officers of MuniVest California Insured and MuniYield California Insured II with regard to matters of fact and certain certificates and written statements of governmental officials with respect to the good standing of MuniVest California Insured and MuniYield California Insured II and on the opinion of Wilmer, Cutler & Pickering as to matters of Maryland law.

(f) That MuniVest California Insured shall have received a private letter ruling from the IRS, to the effect that for Federal income tax purposes (i) the transfer of all of the Investments of MuniVest California Insured to MuniYield California Insured II in exchange solely for MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS as provided in this Agreement will constitute a reorganization within the meaning of Section 368(a)(1)(C) of the Code, and MuniVest California Insured and MuniYield California Insured II will each be deemed a "party" to a Reorganization within the meaning of Section 361(b) of the Code; (ii) in accordance with Section 361(a) of the Code, no gain or loss will be recognized to MuniVest California Insured as a result of the Reorganization or on the distribution of MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS to MuniVest California Insured stockholders under Section 361(c)(1) of the Code; (iii) under Section 1032 of the Code, no gain or loss will be recognized to MuniYield California Insured II as a result of the Reorganization; (iv) in accordance with Section 354(a)(1) of the Code, no gain or loss will be recognized to the stockholders of MuniVest California Insured on the receipt of MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS in exchange for their corresponding MuniVest California Insured Common Stock and MuniVest California Insured AMPS (except to the extent that MuniVest California Insured stockholders receive cash representing an interest in fractional shares of MuniYield California Insured II in the Reorganization); (v) in accordance with Section 362(b) of the Code, the tax basis of the MuniVest California Insured assets in the hands of MuniYield California Insured II will be the same as the tax basis of such assets in the hands of MuniVest California Insured immediately prior to the consummation of the Reorganization; (vi) in accordance with Section 358 of the Code, immediately after the Reorganization, the tax basis of the MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS received by the stockholders of MuniVest California Insured in the Reorganization will be equal, in the aggregate, to the tax basis of the MuniVest California Insured

Common Stock and MuniVest California Insured AMPS surrendered in exchange; (vii) in accordance with Section 1223 of the Code, a stockholder's holding period for the MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS will be determined by including the period for which such stockholder held the MuniVest California Insured Common Stock and MuniVest California Insured AMPS exchanged therefor, provided, that such MuniVest California Insured shares were held as a capital asset; (viii) in accordance with Section 1223 of the Code, MuniYield California Insured II's holding period with respect to the MuniVest California Insured assets transferred will include the period for which such assets were held by MuniVest California Insured; (ix) the payment of cash to MuniVest California Insured stockholders in lieu of fractional shares of MuniYield California Insured II will be treated as though the fractional shares were distributed as part of the Reorganization and then redeemed by MuniYield California Insured II, with the result that each MuniVest California Insured stockholder will have short- or long-term capital gain or loss to the extent that the cash distribution differs from such stockholder's basis allocable to the MuniYield California Insured II fractional shares; and (x) the taxable year of MuniVest California Insured will end on the effective date of the Reorganization and pursuant to Section 381(a) of the Code and regulations thereunder, MuniYield California Insured II will succeed to and take into account certain tax attributes of MuniVest California Insured, such as earnings and profits, capital loss carryovers and method of accounting.

(g) That all proceedings taken by MuniYield California Insured II and its counsel in connection with the Reorganization and all documents incidental thereto shall be satisfactory in form and substance to MuniVest California Insured.

(h) That the N-14 Registration Statement shall have become effective under the 1933 Act, and no stop order suspending such effectiveness shall have been instituted or, to the knowledge of MuniYield California Insured II, contemplated by the Commission.

(i) That MuniVest California Insured shall have received from Deloitte & Touche LLP a letter dated as of the effective date of the N-14 Registration Statement and a similar letter dated within five days prior to the Exchange Date, in form and substance satisfactory to MuniVest California Insured, to the effect that (i) they are independent public accountants with respect to MuniYield California Insured II within the meaning of the 1933 Act and the applicable published rules and regulations thereunder; (ii) in their opinion, the financial statements and supplementary information of MuniYield California Insured II included or incorporated by reference in the N-14 Registration Statement and reported on by them comply as to form in all material respects with the applicable accounting requirements of the 1933 Act and the published rules and regulations thereunder; (iii) on the basis of limited procedures agreed upon by MuniVest California Insured and MuniYield California Insured II and described in such letter (but not an examination in accordance with generally accepted auditing standards) consisting of a reading of any unaudited interim financial statements and unaudited supplementary information of MuniYield California Insured II included in the N-14 Registration Statement, and inquiries of certain officials of MuniYield California Insured II responsible for financial and accounting matters, nothing came to their attention that caused them to believe that (a) such unaudited financial statements and related unaudited supplementary information do not comply as to form in all material respects with the applicable accounting requirements of the 1933 Act and the published rules and regulations thereunder, (b) such unaudited financial statements are not fairly

presented in conformity with generally accepted accounting principles, applied on a basis substantially consistent with that of the audited financial statements, or (c) such unaudited supplementary information is not fairly stated in all material respects in relation to the unaudited financial statements taken as a whole; and (iv) on the basis of limited procedures agreed upon by MuniVest California Insured and MuniYield California Insured II and described in such letter (but not an examination in accordance with generally accepted auditing standards), the information relating to MuniYield California Insured II appearing in the N-14 Registration Statement, which information is expressed in dollars (or percentages derived from such dollars) concerning MuniYield California Insured II (with the exception of performance comparisons, if any), if any, has been obtained from the accounting records of MuniYield California Insured II or from schedules prepared by officials of MuniYield California Insured II having responsibility for financial and reporting matters and such information is in agreement with such records, schedules or computations made therefrom.

(j) That the Commission shall not have issued an unfavorable advisory report under Section 25(b) of the 1940 Act, nor instituted or threatened to institute any proceeding seeking to enjoin consummation of the Reorganization under Section 25(c) of the 1940 Act, no other legal, administrative or other proceeding shall be instituted or threatened which would materially affect the financial condition of MuniYield California Insured II or would prohibit the Reorganization.

(k) That MuniVest California Insured shall have received from the Commission such orders or interpretations as Brown & Wood LLP, as counsel to MuniVest California Insured, deems reasonably necessary or desirable under the 1933 Act and the 1940 Act in connection with the Reorganization, provided, that such counsel shall have requested such orders as promptly as practicable, and all such orders shall be in full force and effect.

9. MUNIYIELD CALIFORNIA INSURED II CONDITIONS.

The obligations of MuniYield California Insured II hereunder shall be subject to the following conditions:

(a) That this Agreement shall have been adopted, and the Reorganization shall have been approved, by all of the requisite votes set forth in Section 8(a) of this Agreement, and that all such certificates as set forth in such Section shall have been obtained.

(b) That MuniVest California Insured shall have furnished to MuniYield California Insured II a statement of MuniVest California Insured's assets, liabilities and capital, with values determined as provided in Section 4 of this Agreement, together with a schedule of investments with their respective dates of acquisition and tax costs, all as of the Valuation Time, certified on MuniVest California Insured's behalf by its President (or any Vice President) and its Treasurer, and a certificate of both such officers, dated the Exchange Date, certifying that as of the Valuation Time and as of the Exchange Date there has been no material adverse change in the financial position of MuniVest California Insured since October 31, 1995, other than changes in the Investments since that date or changes in the market value of the Investments.

(c) That MuniVest California Insured shall have furnished to MuniYield California Insured II a certificate signed by MuniVest California Insured's President (or any Vice President) and its Treasurer, dated the Exchange Date, certifying that as of the Valuation Time and as of the Exchange Date all

representations and warranties of MuniVest California Insured made in this Agreement are true and correct in all material respects with the same effect as if made at and as of such dates and MuniVest California Insured has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied at or prior to such dates.

(d) That MuniVest California Insured shall have delivered to MuniYield California Insured II a letter from Deloitte & Touche LLP, dated the Exchange Date, stating that such firm has performed a limited review of the Federal, state and local income tax returns of MuniVest California Insured for the period ended October 31, 1995 (which returns originally were prepared and filed by MuniVest California Insured), and that based on such limited review, nothing came to their attention which caused them to believe that such returns did not properly reflect, in all material respects, the Federal, state and local income taxes of MuniVest California Insured for the period covered thereby; and that for the period from November 1, 1995 to and including the Exchange Date and for any taxable year of MuniVest California Insured ending upon the liquidation of MuniVest California Insured, such firm has performed a limited review to ascertain the amount of applicable Federal, state and local taxes, and has determined that either such amount has been paid or reserves established for payment of such taxes, this review to be based on unaudited financial data; and that based on such limited review, nothing has come to their attention which caused them to believe that the taxes paid or reserves set aside for payment of such taxes were not adequate in all material respects for the satisfaction of Federal, state and local taxes for the period from November 1, 1995 to and including the Exchange Date and for the final taxable year of MuniVest California Insured ending upon liquidation or that MuniVest California Insured had not qualified as a regulated investment company for Federal income tax purposes for the period from November 1, 1995 through liquidation of MuniVest California Insured.

(e) That there shall not be any material litigation pending with respect to the matters contemplated by this Agreement.

(f) That MuniYield California Insured II shall have received an opinion of Brown & Wood LLP, as counsel to both MuniVest California Insured and MuniYield California Insured II, in form and substance satisfactory to MuniYield California Insured II and dated the Exchange Date, with respect to the matters specified in Section 8(e) of this Agreement and such other matters as MuniYield California Insured II reasonably may deem necessary or desirable.

(g) That MuniYield California Insured II shall have received a private letter ruling from the IRS with respect to the matters specified in Section 8(f) of this Agreement.

(h) That MuniYield California Insured II shall have received from Deloitte & Touche LLP a letter dated as of the effective date of the N-14 Registration Statement and a similar letter dated within five days prior to the Exchange Date, in form and substance satisfactory to MuniYield California Insured II, to the effect that (i) they are independent public accountants with respect to MuniVest California Insured within the meaning of the 1933 Act and the applicable published rules and regulations thereunder; (ii) in their opinion, the financial statements and supplementary information of MuniVest California Insured included or incorporated by reference in the N-14 Registration Statement and reported on by them comply as to form in all material respects with the applicable accounting requirements of the 1933 Act and the published rules and regulations thereunder; (iii) on the basis of limited procedures agreed upon by MuniVest California Insured and MuniYield California Insured II

and described in such letter (but not an examination in accordance with generally accepted auditing standards) consisting of a reading of any unaudited interim financial statements and unaudited supplementary information of MuniVest California Insured included in the N-14 Registration Statement, and inquiries of certain officials of MuniVest California Insured responsible for financial and accounting matters, nothing came to their attention that caused them to believe that (a) such unaudited financial statements and related unaudited supplementary information do not comply as to form in all material respects with the applicable accounting requirements of the 1933 Act and the published rules and regulations thereunder, (b) such unaudited financial statements are not fairly presented in conformity with generally accepted accounting principles, applied on a basis substantially consistent with that of the audited financial statements, or (c) such unaudited supplementary information is not fairly stated in all material respects in relation to the unaudited financial statements taken as a whole; and (iv) on the basis of limited procedures agreed upon by MuniVest California Insured and MuniYield California Insured II and described in such letter (but not an examination in accordance with generally accepted auditing standards), the information relating to MuniVest California Insured appearing in the N-14 Registration Statement, which information is expressed in dollars (or percentages derived from such dollars) (with the exception of performance comparisons, if any), if any, has been obtained from the accounting records of MuniVest California Insured or from schedules prepared by officials of MuniVest California Insured having responsibility for financial and reporting matters and such information is in agreement with such records, schedules or computations made therefrom.

(i) That the Investments to be transferred to MuniYield California Insured II shall not include any assets or liabilities which MuniYield California Insured II, by reason of charter limitations or otherwise, may not properly acquire or assume.

(j) That the N-14 Registration Statement shall have become effective under the 1933 Act and no stop order suspending such effectiveness shall have been instituted or, to the knowledge of MuniVest California Insured, contemplated by the Commission.

(k) That the Commission shall not have issued an unfavorable advisory report under Section 25(b) of the 1940 Act, nor instituted or threatened to institute any proceeding seeking to enjoin consummation of the Reorganization under Section 25(c) of the 1940 Act, no other legal, administrative or other proceeding shall be instituted or threatened which would materially affect the financial condition of MuniVest California Insured or would prohibit the Reorganization.

(l) That MuniYield California Insured II shall have received from the Commission such orders or interpretations as Brown & Wood LLP, as counsel to MuniYield California Insured II, deems reasonably necessary or desirable under the 1933 Act and the 1940 Act in connection with the Reorganization, provided, that such counsel shall have requested such orders as promptly as practicable, and all such orders shall be in full force and effect.

(m) That all proceedings taken by MuniVest California Insured and its counsel in connection with the Reorganization and all documents incidental thereto shall be satisfactory in form and substance to MuniYield California Insured II.

(n) That prior to the Exchange Date, MuniVest California Insured shall declare a dividend or dividends which, together with all such previous dividends, shall have the effect of distributing to its stockholders all of its net investment company taxable income for the period from November 1, 1995 to

and including the Exchange Date, if any (computed without regard to any deduction or dividends paid), and all of its net capital gain, if any, realized for the period from November 1, 1995 to and including the Exchange Date. In this regard, the last dividend period for the MuniVest California Insured AMPS prior to the Exchange Date may be shorter than the dividend period for such AMPS determined as set forth in the applicable Articles Supplementary.

10. TERMINATION, POSTPONEMENT AND WAIVERS.

(a) Notwithstanding anything contained in this Agreement to the contrary, this Agreement may be terminated and the Reorganization abandoned at any time (whether before or after adoption thereof by the stockholders of each of MuniVest California Insured and MuniYield California Insured II) prior to the Exchange Date, or the Exchange Date may be postponed, (i) by mutual consent of the Boards of Directors of MuniVest California Insured and MuniYield California Insured II; (ii) by the Board of Directors of MuniVest California Insured if any condition of MuniVest California Insured's obligations set forth in Section 8 of this Agreement has not been fulfilled or waived by such Board; or (iii) by the Board of Directors of MuniYield California Insured II if any condition of MuniYield California Insured II's obligations set forth in Section 9 of this Agreement has not been fulfilled or waived by such Board.

(b) If the transactions contemplated by this Agreement have not been consummated by June 30, 1997, this Agreement automatically shall terminate on that date, unless a later date is mutually agreed to by the Boards of Directors of MuniVest California Insured and MuniYield California Insured II.

(c) In the event of termination of this Agreement pursuant to the provisions hereof, the same shall become void and have no further effect, and there shall not be any liability on the part of either MuniVest California Insured or MuniYield California Insured II or persons who are their directors, trustees, officers, agents or stockholders in respect of this Agreement.

(d) At any time prior to the Exchange Date, any of the terms or conditions of this Agreement may be waived by the Board of Directors of either MuniVest California Insured or MuniYield California Insured II, respectively (whichever is entitled to the benefit thereof), if, in the judgment of such Board after consultation with its counsel, such action or waiver will not have a material adverse effect on the benefits intended under this Agreement to the stockholders of their respective fund, on behalf of which such action is taken. In addition, the Boards of Directors of MuniVest California Insured and MuniYield California Insured II have delegated to Fund Asset Management, L.P. the ability to make non-material changes to the transaction if it deems it to be in the best interests of MuniVest California Insured and MuniYield California Insured II to do so.

(e) The respective representations and warranties contained in Sections 1 and 2 of this Agreement shall expire with, and be terminated by, the consummation of the Reorganization, and neither MuniVest California Insured nor MuniYield California Insured II nor any of their officers, directors or trustees, agents or stockholders shall have any liability with respect to such representations or warranties after the Exchange Date. This provision shall not protect any officer, director or trustee, agent or stockholder of MuniVest California Insured or MuniYield California Insured II against any liability to the entity for which that officer, director or trustee, agent or stockholder so acts or to its stockholders to which that

officer, director or trustee, agent or stockholder otherwise would be subject by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties in the conduct of such office.

(f) If any order or orders of the Commission with respect to this Agreement shall be issued prior to the Exchange Date and shall impose any terms or conditions which are determined by action of the Boards of Directors of MuniVest California Insured and MuniYield California Insured II to be acceptable, such terms and conditions shall be binding as if a part of this Agreement without further vote or approval of the stockholders of MuniVest California Insured and MuniYield California Insured II, unless such terms and conditions shall result in a change in the method of computing the number of shares of MuniYield California Insured II Common Stock and MuniYield California Insured II Series C AMPS to be issued to MuniVest California Insured in which event, unless such terms and conditions shall have been included in the proxy solicitation materials furnished to the stockholders of MuniVest California Insured and MuniYield California Insured II prior to the meetings at which the Reorganization shall have been approved, this Agreement shall not be consummated and shall terminate unless MuniVest California Insured and MuniYield California Insured II promptly shall call special meetings of stockholders at which such conditions so imposed shall be submitted for approval.

11. OTHER MATTERS.

(a) Pursuant to Rule 145 under the 1933 Act, and in connection with the issuance of any shares to any person who at the time of the Reorganization is, to its knowledge, an affiliate of a party to the Reorganization pursuant to Rule 145(c), MuniYield California Insured II will cause to be affixed upon the certificate(s) issued to such person (if any) a legend as follows:

THESE SHARES ARE SUBJECT TO RESTRICTIONS ON TRANSFER UNDER THE SECURITIES ACT OF 1933 AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED EXCEPT TO MUNIYIELD CALIFORNIA INSURED FUND II, INC. (OR ITS STATUTORY SUCCESSOR) OR ITS PRINCIPAL UNDERWRITER UNLESS (I) A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE SECURITIES ACT OF 1933 OR (II) IN THE OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE FUND, SUCH REGISTRATION IS NOT REQUIRED.

and, further, that stop transfer instructions will be issued to MuniYield California Insured II's transfer agent with respect to such shares. MuniVest California Insured will provide MuniYield California Insured II on the Exchange Date with the name of any MuniVest California Insured stockholder who is to the knowledge of MuniVest California Insured an affiliate of such fund on such date.

(b) All covenants, agreements, representations and warranties made under this Agreement and any certificates delivered pursuant to this Agreement shall be deemed to have been material and relied upon by each of the parties, notwithstanding any investigation made by them or on their behalf.

(c) Any notice, report or demand required or permitted by any provision of this Agreement shall be in writing and shall be deemed to have been given if delivered or mailed, first class postage prepaid, addressed to MuniVest California Insured or MuniYield California Insured II, in either case at 800 Scudders Mill Road, Plainsboro, New Jersey 08536, Attn: Arthur Zeikel, President.

(d) This Agreement supersedes all previous correspondence and oral communications between the parties regarding the Reorganization, constitutes the only understanding with respect to the Reorganization, may not be changed except by a letter of agreement signed by each party and shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed in said state.

(e) Copies of the Articles of Incorporation, as amended, of MuniVest California Insured and MuniYield California Insured II are on file with the Maryland Department and notice is hereby given that this instrument is executed on behalf of the Directors of each Fund.

This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original but all such counterparts together shall constitute but one instrument.

MUNIVEST CALIFORNIA INSURED FUND, INC.

By: /s/ ARTHUR ZEIKEL

Arthur Zeikel
President

Attest:

/s/ MARK B. GOLDFUS

Mark B. Goldfus
Secretary

MUNIYIELD CALIFORNIA INSURED FUND II, INC.

By: /s/ ARTHUR ZEIKEL

Arthur Zeikel
President

Attest:

/s/ MARK G. GOLDFUS

Mark B. Goldfus
Secretary

EXHIBIT II

ECONOMIC CONDITIONS IN CALIFORNIA

The following information is a brief summary of factors affecting the economy of the State of California and does not purport to be a complete description of such factors. Other factors will affect issuers. The summary is based primarily upon one or more publicly available offering statements relating to debt offerings of State issuers; however, it has not been updated nor will it be updated during the year. The Funds have not independently verified the information.

ECONOMIC CONDITIONS

The economy of the State of California (sometimes referred to herein as the "State") is the largest among the 50 states and one of the largest in the world. This diversified economy has major components in agriculture, manufacturing, high technology, trade, entertainment, tourism, construction and services. Total State gross domestic product of about $835 billion in 1994 was larger than all but six nations in the world.

California's July 1, 1994 population of over 32 million represented over 12 percent of the total United States population. The official 1990 Census population was 29,760,021 as of April 1, 1990, which represented an increase of over 6 million persons, or 26 percent, during the decade of the 1980s. As of the April 1, 1990 Census, the median age of California's population was 31.5 years, younger than the 1990 U.S. median of 32.9 years.

California's population is concentrated in metropolitan areas. As of the April 1, 1990 Census, 96 percent resided in the 23 Metropolitan Statistical Areas in the State. Overall, California's population per square mile was 191 in 1990. As of July 1, 1994, 69 percent of the population of the State was located in the two consolidated Metropolitan Statistical Areas in California. The 5-county Los Angeles area accounted for 48 percent, with 15.6 million residents. The 10-county San Francisco Bay Area represented 21 percent, with a population of 6.7 million.

After suffering through a severe recession, California's economy has been on a steady recovery since the start of 1994. Employment grew by over 500,000 in 1994 and 1995, and the pre-recession level of total employment is expected to be matched in 1996. The strongest growth has been in export-related industries, business services, electronics, entertainment and tourism, all of which have offset the recession-related losses which were heaviest in aerospace and defense-related industries (which accounted for two-thirds of the job losses), finance and insurance. Residential housing construction, with new permits for under 100,000 annual new units issued in 1994 and 1995, is weaker than in previous recoveries, but has been growing slowly since 1993.

The State. In the years following enactment of the Federal Tax Reform Act of 1986, and conforming changes to the State's tax laws, taxpayer behavior became much more difficult to predict, and the State experienced a series of fiscal years in which revenue came in significantly higher or lower than original estimates. The 1989-90 Fiscal Year ended with revenues below estimates, so that the State's budget reserve (the Special Fund for Economic Uncertainties or "SFEU") was fully depleted by June 30, 1990. This date essentially coincided with the start of the current recession, which severely affected State General Fund revenues and increased expenditures above initial budget appropriations due to greater health and welfare costs. The State's budget problems in recent years have also been caused by a structural imbalance which has

been identified by the current and previous Administrations. The largest General Fund Program -- K-14 education, health, welfare and corrections -- was increasing faster than the revenue base, driven by the State's rapid population growth. These pressures will continue as population trends maintain strong demand for health and welfare services, as the school-age population continues to grow and as the State's corrections program responds to a "Three Strikes" law enacted in 1994, which requires mandatory life prison terms for certain third-time felony offenders.

Prior Years. As a result of these factors and others, from the late 1980s until 1992-93, the State had a period of budget imbalance. During this period, expenditures exceeded revenues in four out of six years, and the State accumulated and sustained a budget deficit in the SFEU approaching $2.8 billion at its peak at June 30, 1993. Starting in the 1990-91 Fiscal Year and for each fiscal year thereafter, each budget required multi-billion dollar actions to bring projected revenues and expenditures into balance and to close large "budget gaps" which were identified. Despite budget actions by the Legislature, the effects of the recession led to large, unanticipated deficits in the budget reserve, the SFEU, as compared to projected positive balances. By the 1993-94 Fiscal Year, the accumulated deficit was so large that it was impractical to budget to retire it in one year, so a two-year program was implemented, using the issuance of revenue anticipation warrants to carry a portion of the deficit over the end of the fiscal year. When the economy failed to recover sufficiently in 1993-94, a second two-year plan was implemented in 1994-95.

Another consequence of the accumulated budget deficits, together with other factors such as disbursement of funds to local school districts "borrowed" from future fiscal years and hence not shown in the annual budget, was to significantly reduce the State's cash resources available to pay its ongoing obligations. The State's cash condition became so serious in late Spring of 1992 that the State Controller was required to issue revenue anticipation warrants maturing in the following fiscal year in order to pay the State's continuing obligations. The State was forced to rely increasingly on external debt markets to meet its cash needs, as a succession of notes and warrants were issued in the period from June 1992 to July 1994, often needed to pay previously maturing notes or warrants. These borrowings were used also in part to spread out the repayment of the accumulated budget deficit over the end of the fiscal year.

The 1994-95 Fiscal Year represented the fourth consecutive year that the Governor and the Legislature were faced with a very difficult budget environment to produce a balanced budget. Many program cuts and budgetary adjustments had already been made in the last three years. The Governor's budget proposal, as updated in May and June, 1994, recognized that the accumulated deficit could not be repaid in one year and proposed a two-year solution.

Pursuant to the Budget Adjustment Law (the "Law"), the State Controller was required to make a report by November 15, 1994 on whether the projected cash resources for the General Fund as of June 30, 1995 would decrease more than $430 million from the amount projected by the State in its Official Statement in July 1994 for the sale of $4,000,000,000 of revenue anticipation warrants. On November 15, 1994, the State Controller issued the report on the State's cash position required by the Law. The report indicated that the cash position of the General Fund on June 30, 1995 would be $581 million better than was estimated in the July 1994 cash flow projections and therefore, no budget adjustment procedures would be invoked for the 1994-95 Fiscal Year.

On October 15, 1995, when the State Controller, in conjunction with the Legislative Analyst's Office, reviewed the estimated cash condition of the General Fund for the 1995-96 Fiscal Year, the State Controller

estimated that the General Fund would not have negative internal cash resources on June 30, 1996 (i.e., external borrowing would be needed to pay all obligations due). If a cash shortfall had been identified by the State Controller, the State Legislature would have been required to enact legislation providing for sufficient General Fund expenditure reductions, revenue increases, or both.

1995-96 Budget Act. On January 10, 1995, the Governor presented his 1995-96 Fiscal Year budget proposal (the "Proposed Budget"). Two of the principal features of the Proposed Budget were a phased 15% cut in personal income and corporate taxes and a further expansion of the "realignment" process to transfer more responsibility and funding sources for certain health and welfare programs to local governments. Neither of these proposals was approved by the Legislature. As a result of the improving economy, with resulting improved revenue and caseload estimates, the State entered the 1995-96 budget negotiations with the smallest nominal "budget gap" to be closed in many years.

The 1995-96 Budget Act was signed by the Governor on August 3, 1995. The Budget Act projects General Fund revenues and transfers of $44.1 billion, a 3.5 percent increase from the prior year. Expenditures are budgeted at $43.4 billion, a 4 percent increase. The Department of Finance projects that, after repaying the last of the carryover budget deficit, there will be a positive balance of $28 million in the budget reserve, the SFEU, at June 30, 1996. The Budget Act also projects Special Fund revenues of $12.7 billion and appropriates Special Fund expenditures of $13.4 billion.

1996-97 Budget Act. The 1996-97 Governor's Budget, released January 10, 1996, projected General Fund revenues and transfers of $45.6 billion, a 1.3% increase over 1995-96. Although an expected strong economy would generate larger revenue growth, the Governor proposed two major initiatives, a 15% personal and corporate income tax cut and a revision of the trial court funding program, which would have the effect of reducing General Fund revenues. The Governor's Budget proposed General Fund expenditures of $45.2 billion. The Governor's Budget also proposed Special Fund revenues equal to expenditures, at a level of $13.3 billion.

The May Revision of the Governor's Budget, released on May 21, 1996 ("May

Revision"), updated revenue estimates for the 1996-97 Fiscal Year, reflecting stronger economic activity in the State and thus greater revenue growth. The revised estimate was for $47.1 billion of revenues, still assuming the Governor's tax cut would be enacted, and $46.5 billion of expenditures.

The 1996-97 Budget Act was signed by the Governor on July 15, 1996, along with various implementing bills. The Budget Act appropriates a modest budget reserve in the SFEU of $305 million, as of June 30, 1997. The Department of Finance projects that, on June 30, 1997, the State's available internal borrowable (cash) resources will be $2.9 billion, after payment of all obligations due by that date, so that no cross-fiscal year borrowing will be needed.

The Legislature rejected the Governor's proposed 15% cut in personal income taxes (to be phased over three years), but did approve a 5% cut in bank and corporation taxes, to be effective for income years starting on January 1, 1997. As a result, revenues for the Fiscal Year will be an estimated $550 million higher than projected in the May Revision, and are now estimated to total $47.643 billion, a 3.3 percent increase over the final estimated 1995-96 revenues. Special Fund revenues are estimated to be $13.3 billion. The Budget Act contains General Fund appropriations totaling $47,251 billion, a 4.0 percent increase over the final estimated 1995-96 expenditures. Special Fund expenditures are budgeted at $12.6 billion.

The following are principal features of the 1996-97 Budget Act:

1. Proposition 98 funding for schools and community college districts increased by almost $1.6 billion (General Fund) and $1.65 billion total above revised 1995-96 levels. Also, for the second year in a row, the full cost of living allowance (3.2 percent) was funded. The Proposition 98 increases have brought K-12 expenditures to almost $4,800 per pupil (also called per ADA, or Average Daily Attendance), an almost 15 percent increase over the level prevailing during the recession years. Community colleges will receive an increase in funding of $157 million for 1996-97 out of this $1.6 billion total. Because of the higher than projected revenues in 1995-96, an additional $1.1 billion ($190 per K-12 ADA and $145 million for community colleges) was appropriated and retroactively applied towards the 1995-96 Proposition 98 guarantee, bringing K-12 expenditures in that year to over $4,600 per ADA.

2. Proposed cuts in health and welfare totaled $660 million. All of these cuts require federal law changes (including welfare reform), federal waivers, or federal budget appropriations in order to be achieved. The Budget Act assumes approval/action by October, 1996, with the savings to be achieved beginning in November, 1996. The Budget Act was based on continuation of previously approved assistance levels for Aid to Families with Dependent Children and other health and welfare programs, which had been reduced in prior years, including suspension of State authorized cost of living increases. Part of the federal actions referred to above is approval to maintain reduced assistance levels in 1996-97.

3. A 4.9 percent increase in funding for the University of California and the California State University system.

4. The Budget Act assumed the federal government will provide approximately $700 million in new aid for incarceration and health care costs of illegal immigrants. These funds reduce appropriations in these categories that would otherwise have to be paid from the General Fund. The Department of Finance expects $540 million of this amount to be received during the 1996-97 fiscal year.

5. General Fund support for the Department of Corrections was increased by about 7 percent over the prior year, reflecting estimates of increased prison population.

6. With respect to aid to local governments, the principal new programs included in the Budget Act are $100 million in grants to cities and counties for law enforcement purposes, and budgeted $50 million for competitive grants to local governments for programs to combat juvenile crime.

LOCAL GOVERNMENTS

The primary units of local government in California are the counties, ranging in population from 1,300 (Alpine) to over 9,000,000 (Los Angeles). Counties are responsible for the provision of many basic services, including indigent healthcare, welfare, courts, jails and public safety in unincorporated areas. There are also about 480 incorporated cities and thousands of other special districts formed for education, utility and other services. The fiscal condition of local governments has been constrained since the enactment of "Proposition 13" in 1978, which reduced and limited the future growth of property taxes and limited the ability of local governments to impose other taxes. Counties, in particular, have had fewer options to raise revenues than other local government entities, and have been required to maintain many services.

In the aftermath of Proposition 13, the State provided aid from the General Fund to make up some of the loss of property tax moneys, including taking over the principal responsibility for funding local K-12 schools

and community colleges. Under the pressure of the recent recession, the Legislature has eliminated remnants of this post-Proposition 13 aid to entities other than K-14 education districts, although it has also provided additional funding sources (such as sales taxes) and reduced mandates for local services. Many counties continue to be under severe fiscal stress. While such stress has in recent years most often been experienced by smaller, rural counties, larger urban counties, such as Los Angeles, have also been affected.

ORANGE COUNTY BANKRUPTCY

In December 1994, Orange County, California ("Orange County"), together with its pooled investment funds (the "Pools") filed for protection under Chapter 9 of the Federal Bankruptcy Code, after reports that the Pools had suffered significant market losses in their investments, causing a liquidity crisis for the Pools and Orange County. More than 200 other public entities, most, but not all, of which are located in Orange County, were also depositors in the Pools. Orange County has reported the Pools' loss at about $1.69 billion, or about 23 percent of their initial deposits of approximately $7.5 billion. Many of the entities which deposited moneys in the Pools, including Orange County, faced interim and/or extended cash flow difficulties because of the bankruptcy filing and may be required to reduce programs or capital projects. Orange County has embarked on a fiscal recovery plan based on sharp reductions in services and personnel and rescheduling of outstanding short-term debt using certain new revenues transferred to Orange County from other local governments pursuant to special legislation enacted in October 1995. The termination of the bankruptcy was approved in June 1996.

CONSTITUTIONAL AND STATUTORY LIMITATIONS; RECENT INITIATIVES, PENDING LITIGATION

Constitutional and Statutory Limitations. Article XIIIA of the California Constitution (which resulted from the voter-approved Proposition 13 in 1978) limits the taxing powers of California public agencies. Article XIIIA provides that the maximum ad valorem tax on real property cannot exceed 1 percent of the "full cash value" of the property and effectively prohibits the levying of any other ad valorem tax on real property for general purposes. However, on May 3, 1986, Proposition 46, an amendment to Article XIIIA, was approved by the voters of the State of California, creating a new exemption under Article XIIIA permitting an increase in ad valorem taxes on real property in excess of 1 percent for bonded indebtedness approved by two-thirds of the voters voting on the proposed indebtedness. "Full cash value" is defined as "the County Assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value" or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment". The "full cash value" is subject to annual adjustment to reflect increases (not to exceed 2 percent) or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIB of the California Constitution limits the amount of appropriations of the State and of the local governments to the amount of appropriations of the entity for the prior year, adjusted for changes in the cost of living, population and the services that local government has financial responsibility for providing. To the extent that the revenues of the State and/or local government exceed its appropriations, the excess revenues must be rebated to the public either directly or through a tax decrease. Expenditures for voter-approved debt services are not included in the appropriations limit.

In 1986, California voters approved an initiative statute known as Proposition 62. This initiative (i) required that any tax for general governmental purposes imposed by a local governmental entity be

approved by a majority of the electorate of the governmental entity, (ii) required that any special tax (defined as taxes levied for other than general government purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters within that jurisdiction, (iii) restricted the use of revenues from a special tax to the purposes or for the service for which the special tax is imposed, (iv) prohibited the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIIIA, (v) prohibited the imposition of transaction taxes and sales taxes on the sale of real property by local governments, (vi) required that any tax imposed by a local government on or after August 1, 1985 be ratified by a majority vote of the electorate within two years of the adoption of the initiative or be terminated by November 15, 1988, (vii) required that, in the event a local government fails to comply with the provisions of this measure, a reduction in the amount of property tax revenues allocated to such local government occurs in an amount equal to the revenues received by such entity attributable to the tax levied in violation of the initiative, and (vii) permitted those provisions to be amended exclusively by the voters of the State of California.

On September 28, 1995 the California Supreme Court upheld the constitutionality of the provision requiring a two-thirds vote in order for a local government to impose a "special tax". Although the Supreme Court has yet to rule on the provision requiring a majority vote for a "general tax", it appears that the Supreme Court is favorably disposed to uphold that portion of Proposition 62 as well. In that event, a number of taxes currently being collected (especially by counties and general law cities) would be invalidated. Prior collection of such taxes may also be subject to claims for refund unless the Supreme Court chooses to apply its ruling prospectively. The California Supreme Court has yet to consider the validity of Proposition 62 with regard to charter cities.

Recent Initiatives. At the November 9, 1988 general election, California voters approved an initiative known as Proposition 98. This initiative amends Article XIIIB to require that (i) the California Legislature establish a prudent state reserve fund in an amount it shall deem reasonable and necessary and (ii) revenues in excess of amounts permitted to be spent and which would otherwise be returned pursuant to Article XIIIB by revision of tax rates or fee schedules be transferred and allocated (up to a maximum of 40%) to the State School Fund and be expended solely for purposes of instructional improvement and accountability. Proposition 98 also amends Article XVI to require that the State of California provide a minimum level of funding for public schools and community colleges. Commencing with the 1988-89 Fiscal Year, money to be applied by the State for the support of school districts and community college districts shall not be less than the greater of: (i) the amount which, as a percentage of the State General Fund revenues which may be appropriated pursuant to Article XIIIB, equals the percentage of such State General Fund revenues appropriated for school districts and community college districts, respectively, in Fiscal Year 1986-87 or (ii) the amount required to ensure that the total allocations to school districts and community college districts from the State General Fund proceeds of taxes appropriated pursuant to Article XIIIB and allocated local proceeds of taxes shall not be less than the total amount from these sources in the prior year, adjusted for increases in enrollment and adjusted for changes in the costs of living pursuant to the provisions of Article XIIIB. The initiative permits the enactment of legislation, by a two-thirds vote, to suspend the minimum funding requirements for one year. As a result of Proposition 98, funds that the State might otherwise make available to its political subdivisions may be allocated instead to satisfy such minimum funding level.

During the recent recession, General Fund revenues for several years were less than originally projected, so that the original Proposition 98 appropriations turned out to be higher than the minimum percentage provided in the law. The Legislature responded to these developments by designating the "extra" Proposition 98 payments in one year as a "loan" from future years' Proposition 98 entitlements, and also intended that the "extra" payments would not be included in the Proposition 98 "base" for calculating future years' entitlement. By implementing these actions, per-pupil funding from Proposition 98 sources stayed almost constant at approximately $4,220 from Fiscal Year 1991-92 to Fiscal Year 1993-94.

In 1992, a lawsuit was filed, called California Teachers' Association v. Gould, which challenged the validity of these off-budget loans. As part of the negotiations leading to the 1995-96 Budget Act, an oral agreement was reached to settle this case. The parties reached a conditional final settlement of the case in April 1996. The settlement requires adoption of legislation satisfactory to the parties to implement its terms and final approval by the court.

The settlement provides, among other things, that both the State and K-14 schools share in the repayment of prior years' emergency loans to schools. Of the total $1.76 billion in loans, the State will repay $935 million by forgiveness of the amount owed, while schools will repay $825 million. The State share of the repayment will be reflected as expenditures above the current Proposition 98 base calculation. The schools' share of the repayment will count as appropriations that count toward satisfying the Proposition 98 guarantee, or from "below" the current base. Repayments are spread over the eight-year period of 1994-95 through 2001-02 to mitigate any adverse fiscal impact. Once the Director of Finance certifies that a settlement has occurred, approximately $377 million in appropriations from the 1995-96 Fiscal Year to schools will be disbursed in August 1996.

On November 8, 1994, the voters approved Proposition 187, an initiative statute ("Proposition 187"). Proposition 187 specifically prohibits funding by the State of social services, health care services and public school education for the benefit of any person not verified as either a United States citizen or a person legally admitted to the United States. Among the provisions in Proposition 187 pertaining to public school education, the measure requires, commencing January 1, 1995, that every school district in the State verify the legal status of every child enrolling in the district for the first time. By January 1, 1996, each school district must also verify the legal status of children already enrolled in the district and of all parents or guardians of all students. If the district "reasonably suspects" that a student, parent or guardian is not legally in the United States, that district must report the student to the United States Immigration and Naturalization Service and certain other parties. The measure also prohibits a school district from providing education to a student it does not verify as either a United States citizen or a person legally admitted to the United States. The State Legislative Analyst estimates that verification costs could be in the tens of millions of dollars on a statewide level (including verification costs incurred by other local governments), with first-year costs potentially in excess of $100 million.

The reporting requirements may violate the Family Educational Rights and Privacy Act ("FERPA"), which generally prohibits schools that receive Federal funds from disclosing information in student records without parental consent. Compliance with FERPA is a condition of receiving Federal education funds, which total $2.3 billion annually to California school districts. The Secretary of the United States Department of Education has indicated that the reporting requirement in Proposition 187 could jeopardize the ability of school districts to receive these funds.

Opponents of Proposition 187 have filed at least eight lawsuits challenging the constitutionality and validity of the measure. On November 2, 1995, a United States District Court judge struck down the central provisions of Proposition 187 by ruling that parts of Proposition 187 conflict with Federal power over immigration. The ruling concluded that states may not enact their own schemes to "regulate immigration or devise immigration regulations which run parallel or purport to supplement Federal immigration law". As a consequence of the ruling, students may not be denied public education and may not be asked about their immigration status when enrolling in public schools. Further, the ruling struck down the requirements of Proposition 187 that teachers and district employees report information on the immigrant status of students, parents, and guardians. An appeal has been filed.

Article XIIIA, Article XIIIB and a number of other Propositions were adopted pursuant to California's constitutional initiative process. From time to time, other initiative measures could be adopted by California voters. The adoption of any such initiatives may cause California issuers to receive reduced revenues, or to increase expenditures, or both.

Pending Litigation. The State is a party to numerous legal proceedings, many of which normally occur in governmental operations. Some of the more significant lawsuits pending against the State are described herein.

The State is a defendant in 12 lawsuits involving the exclusion of small business stock gains from preference tax and in some cases, also from taxation. The lead cases are Mervin Morris v. Franchise Tax Board and James Lennane v. Franchise Tax Board. The majority of the remaining cases had been deferred pending the outcome of the Morris and Lennane cases. The Supreme Court has ruled against the State in Lennane but has not yet ruled in Morris. The State has lost at least $80 million as a result of the Lennane decision.

In Parr v. State of California, a complaint was filed in Federal court claiming that payment of wages in registered warrants violated the Fair Labor Standards Act ("FLSA"). The Federal court held that the issuance of registered warrants does violate the FLSA but subsequently withdrew its order. The parties have agreed to a settlement which has been approved by the trial court. If the State had lost, the maximum amount of damages could have been approximately $500 million.

The State is involved in a lawsuit seeking reimbursement for alleged state-mandated costs. In Thomas Hayes v. Commission on State Mandates, the State Director of Finance is appealing a 1984 decision by the State Board of Control. The Board of Control decided in favor of local school districts' claims for reimbursement for special education programs for handicapped students; however, funds have not been appropriated. The amount of potential liability to the State, if all potentially eligible school districts pursue timely claims, has been estimated by the Department of Finance at over $1 billion.

In another case, the State is a defendant in Long Beach Unified School Districts v. State of California. In this case, the school district seeks reimbursement for voluntary desegregation costs incurred in the implementation of California Department of Education guidelines. The years of reimbursement are from Fiscal Year 1977-78 and each fiscal year thereafter to the present. The district prevailed in a superior court, and the case has been decided by a State appellate court against the State. A petition for review was denied and the superior court judgment has become final, but the court retains jurisdiction to oversee payment. The State anticipates that the unfavorable outcome will affect pending claims by other school districts, and the total loss could be in excess of $300 million.

A Federal Court of Appeals in the case of Deanna Beno et al. v. Donna Shalala, et al., reversing a trial court ruling in favor of the State, recently determined that the Secretary of the United States Department of Health and Human Services violated the Federal Administrative Procedure Act when she approved California's Assistance Payment Demonstration Project, which in part, granted California a waiver from complying with requirements for state participation in the Federal program for medical assistance ("Medicaid"). The waiver has allowed California to reduce payments under the Aid to Families with Dependent Children program ("AFDC"), below 1988 payment levels without violating Medicaid requirements relating to maintenance of AFDC payment levels. California had relied, in part, on the waiver to reduce state AFDC payments in 1992, 1993 and 1994. The Court of Appeals remanded the case to the trial court with instructions to remand the Demonstration Project to the Secretary for additional consideration of objections raised by the plaintiffs. The effect of the court's decision on California is uncertain at this time.

One of the features of the 1994-95 Budget Act is a 2.3 percent reduction in AFDC payments. In Welch v. Anderson, on August 19, 1994, the San Francisco Superior Court issued a preliminary injunction against the California Director of Social Services to prevent the 2.3 percent AFDC cuts from becoming effective September 1, 1994. While September cuts were already in process and could not be halted, the court ordered the cuts to be restored. The preliminary injunction has been upheld and the case on the merits remains pending.

The State is involved in two lawsuits related to contamination at the Stringfellow toxic waste site. In one suit, the State is one of approximately 130 defendants in Penny Newman v. J.B. Stringfellow, et al., in which 3,800 plaintiffs are claiming damages of $850 million arising from contamination at the Stringfellow toxic waste site. The State is a defendant because it chose the site and approved the deposit of toxic wastes. Seventeen of the 3,800 plaintiffs have litigated their claims; in half of these cases plaintiffs' verdicts in the total amount of $159,000 were received and in the remaining cases verdicts were entered for the State. The other cases have been settled for $13.5 million. In the separate suit described in United States, People of the State of California v. J.B. Stringfellow Jr., et al., the State has been found liable by the District Court on the counterclaim. The amount of liability is still being litigated although allocation of liability has been determined by the trial court, including an allocation of liability to the State.

The State is a defendant in a coordinated action involving 3,000 plaintiffs seeking recovery for damages caused by the Yuba River flood of February 1986. The appellate court affirmed the trial court finding of liability in inverse condemnation and awarded damages of $500,000 to 12 sample plaintiffs. Potential liability to the remaining 300 plaintiffs, from claims filed, ranges from $800 million to $1.5 billion.

The State is involved in a case concerning the default by Triad Healthcare on a $167 million loan guaranteed by the Cal-Mortgage Loan Insurance Division of the Office of Statewide Health Planning and Development ("Cal-Mortgage"). Monies for the loan were raised through the sale of Certificates of Participation and Cal-Mortgage insured the debt service payments. Since July 1993, Triad has failed to make its monthly debt service payments; therefore, the reserve account of the bonds has been used to make the payments. Once the reserve account is exhausted, additional debt service payments would be made from the Health Facility Construction Loan Insurance Fund as they become due. However, if there is any shortfall in this fund, the State's General Fund would be used to make up the difference.

In Jernigan & Burleson v. State, filed in Federal district court, the prison inmate plaintiffs claim they are entitled to minimum wages while working for the Prison Industry Authority. The inmates claim that the State

has violated the FLSA. Plaintiffs are seeking back pay for the period from August 1990 onward, and liquidated damages for a total of approximately $350 million. In June 1995, the district court ruled that the inmates are not employees under the FLSA. The decision has been appealed to the Ninth Circuit Court of Appeals which affirmed the district court decision.

Additional lawsuits challenge the transfer of moneys from special fund accounts within the State Treasury to the State's General Fund pursuant to the Budget Acts of 1991, 1992, 1993 and 1994. Plaintiffs in the two cases titled

Abramovitz, et al., v. Wilson, et al., filed in State and Federal courts seek to have the transfers reversed and the moneys allegedly totalling approximately $400 million returned to the special funds. Plaintiffs in the case of Kurt Hathaway, et al. v. Wilson, filed in State court seek to reverse transfers of money from special fund accounts to the State's General Fund authorized in the 1994 and 1995 Budget Acts, allegedly totalling approximately $370 million. The State disputes both liability and the amount claimed. In the case of Professional Engineers in California Government v. Wilson, several State employees' unions have challenged transfers made from special funds to the General Fund pursuant to the Budget Acts of 1993, 1994 and 1995 and seek reimbursement of over $400 million to these special funds.

In the case of Board of Administration, California Public Employees' Retirement System, et al. v. Pete Wilson, Governor, et al., plaintiffs challenged the constitutionality of legislation which deferred payment of the State's employer contribution to the Public Employees' Retirement System ("PERS") beginning in Fiscal Year 1992-1993. On January 11, 1995, the Sacramento County Superior Court entered a judgment finding that the legislation unconstitutionally impaired the vested contract rights of PERS members. The judgment provides for issuance of a writ of mandate directing State defendants to disregard the provisions of the legislation, to implement the statute governing employer contributions that existed before the changes in the legislation were found to be unconstitutional and to transfer to PERS the 1993-94 and 1994-95 contributions that are unpaid to date. The State defendants have appealed.

EXHIBIT III

RATINGS OF MUNICIPAL BONDS AND COMMERCIAL PAPER

DESCRIPTION OF MOODY'S INVESTORS SERVICE, INC.'S ("MOODY'S") MUNICIPAL BOND RATINGS

Aaa -- Bonds which are rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge". Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

Aa -- Bonds which are rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in Aaa securities.

A -- Bonds which are rated A possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment some time in the future.

Baa -- Bonds which are rated Baa are considered as medium grade obligations, i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present, but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

Ba -- Bonds which are rated Ba are judged to have speculative elements; their future cannot be considered as well assured. Often the protection of interest and principal payments may be very moderate and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.

B -- Bonds which are rated B generally lack characteristics of the desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small.

Caa -- Bonds which are rated Caa are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest.

Ca -- Bonds which are rated Ca represent obligations which are speculative in a high degree. Such issues are often in default or have other marked shortcomings.

C -- Bonds which are rated C are the lowest rated class of bonds and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.

Con. (...) -- Bonds for which the security depends upon the completion of some act or the fulfillment of some condition are rated conditionally. These are bonds secured by (a) earnings of projects under construction, (b) earnings of projects unseasoned in operation experience, (c) rentals which begin when

facilities are completed, or (d) payments to which some other limiting condition attaches. Parenthetical rating denotes probable credit stature upon completion of construction or elimination of basis of condition.

Note: Those bonds in the Aa, A, Baa, Ba and B groups which Moody's believes possess the strongest investment attributes are designated by the symbols Aa1, A1, Baa1, Ba1 and B1.

Short-term Notes and Variable Rate Demand Obligations: The four ratings of Moody's for short-term notes and VRDOs are MIG-1/VMIG-1, MIG-2/VMIG-2, MIG-3/VMIG-3, and MIG-4/VMIG-4; MIG-1/VMIG-1 denotes "best quality, enjoying strong protection from established cash flows"; MIG-2/VMIG-2 denotes "high quality" with "ample margins of protection"; MIG-3/VMIG-3 instruments are of "favorable quality . . . but lacking the undeniable strength of the preceding grades"; MIG-4/VMIG-4 instruments are of "adequate quality, carrying specific risk but having protection . . . and not distinctly or predominantly speculative".

DESCRIPTION OF MOODY'S COMMERCIAL PAPER RATINGS

Moody's Commercial Paper ratings are opinions of the ability of issuers to repay punctually promissory obligations not having an original maturity in excess of nine months. Moody's employs the following three designations, all judged to be investment grade, to indicate the relative repayment capacity of rated issuers:

Issuers rated Prime-1 (or related supporting institutions) have a superior capacity for repayment of short-term promissory obligations. Prime-1 repayment capacity will normally be evidenced by the following characteristics: leading market positions in well established industries; high rates of return on funds employed; conservative capitalization structures with moderate reliance on debt and ample asset protection; broad margins in earnings coverage of fixed financial charges and high internal cash generation; and with established access to a range of financial markets and assured sources of alternate liquidity.

Issuers rated Prime-2 (or related supporting institutions) have a strong capacity for repayment of short-term promissory obligations. This will normally be evidenced by many of the characteristics cited above but to a lesser degree. Earnings trends and coverage ratios, while sound, will be more subject to variation. Capitalization characteristics, while still appropriate, may be more affected by external conditions. Ample alternate liquidity is maintained.

Issuers rated Prime-3 (or related supporting institutions) have an acceptable capacity for repayment of short-term promissory obligations. The effects of industry characteristics and market composition may be more pronounced. Variability in earnings and profitability may result in changes in the level of debt protection measurements and the requirement for relatively high financial leverage. Adequate alternate liquidity is maintained.

Issuers rated Not Prime do not fall within any of the Prime rating categories.

DESCRIPTION OF STANDARD & POOR'S RATINGS GROUP'S ("STANDARD & POOR'S") MUNICIPAL DEBT RATINGS

A Standard & Poor's municipal debt rating is a current assessment of the creditworthiness of an obligor with respect to a specific obligation. This assessment may take into consideration obligors such as guarantors, insurers, or lessees.

The debt rating is not a recommendation to purchase, sell or hold a security, inasmuch as it does not comment as to market price or suitability for a particular investor.

The ratings are based on current information furnished by the issuer or obtained by Standard & Poor's from other sources Standard & Poor's considers reliable. Standard & Poor's does not perform an audit in connection with any rating and may, on occasion, rely on unaudited financial information. The ratings may be changed, suspended or withdrawn as a result of changes in, or unavailability of, such information, or for other reasons.

The ratings are based, in varying degrees, on the following considerations:

I. Likelihood of default-capacity and willingness of the obligor as to the timely payment of interest and repayment of principal in accordance with the terms of the obligation;

II. Nature of and provisions of the obligation;

III. Protection afforded to, and relative position of, the obligation in the event of bankruptcy, reorganization or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

AAA -- Debt rated "AAA" has the highest rating assigned by Standard & Poor's. Capacity to pay interest and repay principal is extremely strong.

AA -- Debt rated "AA" has a very strong capacity to pay interest and repay principal and differs from the highest rated issues only in small degree.

A -- Debt rated "A" has a strong capacity to pay interest and repay principal although they are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than debt in higher-rated categories.

BBB -- Debt rated "BBB" is regarded as having an adequate capacity to pay interest and repay principal. Whereas it normally exhibits adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for debt in this category than for debt in higher-rated categories.

BB, B, CCC, CC, C -- Debt rated "BB", "B", "CCC", "CC" and "C" is regarded, on balance, as predominately speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. "BB" indicates the lowest degree of speculation and "C" the highest degree of speculation. While such debt will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions.

BB -- Debt rated "BB" has less near-term vulnerability to default than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to inadequate capacity to meet timely interest and principal payments. The "BB" rating category is also used for debt subordinated to senior debt that is assigned an actual or implied "BBB-" rating.

B -- Debt rated "B" has a greater vulnerability to default but currently has the capacity to meet interest payments and principal repayments. Adverse business, financial, or economic conditions will

likely impair capacity or willingness to pay interest and repay principal. The "B" rating category is also used for debt subordinated to senior debt that is assigned an actual or implied "BB" or "BB-" rating.

CCC -- Debt rated "CCC" has a currently identifiable vulnerability to default, and is dependent upon favorable business, financial and economic conditions to meet timely payment of interest and repayment of principal. In the event of adverse business, financial, or economic conditions, it is not likely to have the capacity to pay interest and repay principal. The "CCC" rating category is also used for debt subordinated to senior debt that is assigned an actual or implied "B" or "B-" rating.

CC -- The rating "CC" is typically applied to debt subordinated to senior debt that is assigned an actual or implied "CCC" rating.

C -- The rating "C" is typically applied to debt subordinated to senior debt which is assigned an actual or implied "CCC-" debt rating. The "C" rating may be used to cover a situation where a bankruptcy petition has been filed but debt service payments are continued.

C1 -- The rating "C1" is reserved for income bonds on which no interest is being paid.

D -- Debt rated "D" is in payment default. The "D" rating category is used when interest payments or principal payments are not made on the date due even if the applicable grace period has not expired, unless Standard & Poor's believes that such payments will be made during such grace period. The "D" rating also will be used upon the filing of a bankruptcy petition if debt service payments are jeopardized.

Plus (+) or Minus (-): The ratings from "AA" to "CCC" may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

DESCRIPTION OF STANDARD & POOR'S COMMERCIAL PAPER RATINGS

A Standard & Poor's commercial paper rating is a current assessment of the likelihood of timely payment of debt having an original maturity of no more than 365 days. Ratings are graded into several categories, ranging from "A-1" for the highest quality obligations to "D" for the lowest. The three designations in the "A" category are as follows:

A-1 -- This highest category indicates that the degree of safety regarding timely payment is strong. Those issues determined to possess extremely strong safety characteristics are denoted with a "+" designation.

A-2 -- Capacity for timely payment on issues with this designation is satisfactory. However, the relative degree of safety is not as high as for issues designated "A-1".

A-3 -- Issues carrying this designation have adequate capacity for timely payment. They are, however, more vulnerable to the adverse effects of changes in circumstances than obligations carrying the higher designations.

B -- Issues rated "B" are regarded as having only speculative capacity for timely payment.

C -- This rating is assigned to short-term debt obligations with a doubtful capacity for payment.

D -- Debt rated "D" is in payment default. The "D" rating category is used when interest payments or principal payments are not made on the date due, even if the applicable grace period has not expired, unless Standard & Poor's believes that such payments will be made during such grace period.

A commercial paper rating is not a recommendation to purchase or sell a security. The ratings are based on current information furnished to Standard & Poor's by the issuer or obtained from other sources it considers reliable. The ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information.

A Standard & Poor's municipal note rating reflects the liquidity concerns and market access risks unique to such notes. Notes due in three years or less will likely receive a note rating. Notes maturing beyond three years will most likely receive a long-term debt rating. The following criteria will be used in making that assessment.

Amortization schedule (the larger the final maturity relative to other maturities, the more likely it will be treated as a note).

Source of payment (the more dependent the issue is on the market for its refinancing, the more likely it will be treated as a note).

Note rating symbols are as follows:

SP-1 A very strong, or strong, capacity to pay principal and interest. Issues that possess overwhelming safety characteristics will be given a "+" designation.

SP-2 A satisfactory capacity to pay principal and interest.

SP-3 A speculative capacity to pay principal and interest.

DESCRIPTION OF FITCH INVESTORS SERVICE, INC.'S ("FITCH") INVESTMENT GRADE BOND RATINGS

Fitch investment grade bond ratings provide a guide to investors in determining the credit risk associated with a particular security. The rating represents Fitch's assessment of the issuer's ability to meet the obligations of a specific debt issue or class of debt in a timely manner.

The rating takes into consideration special features of the issue, its relationship to other obligations of the issuer, the current and prospective financial condition and operating performance of the issuer and any guarantor, as well as the economic and political environment that might affect the issuer's future financial strength and credit quality.

Fitch ratings do not reflect any credit enhancement that may be provided by insurance policies or financial guarantees unless otherwise indicated.

Bonds that have the same rating are of similar but not necessarily identical credit quality since the rating categories do not fully reflect small differences in the degrees of credit risk.

Fitch ratings are not recommendations to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect of any security.

Fitch ratings are based on information obtained from issuers, other obligors, underwriters, their experts, and other sources Fitch believes to be reliable. Fitch does not audit or verify the truth or accuracy of such information. Ratings may be changed, suspended, or withdrawn as a result of changes in, or the unavailability of, information or for other reasons.

AAA -- Bonds considered to be investment grade and of the highest credit quality. The obligor has an exceptionally strong ability to pay interest and repay principal, which is unlikely to be affected by reasonably foreseeable events.

AA -- Bonds considered to be investment grade and of very high credit quality. The obligor's ability to pay interest and repay principal is very strong, although not quite as strong as bonds rated "AAA". Because bonds rated in the "AAA" and "AA" categories are not significantly vulnerable to foreseeable future developments, short-term debt of these issuers is generally rated "F-1+".

A -- Bonds considered to be investment grade and of high credit quality. The obligor's ability to pay interest and repay principal is considered to be strong, but may be more vulnerable to adverse changes in economic conditions and circumstances than bonds with higher ratings.

BBB -- Bonds considered to be investment grade and of satisfactory credit quality. The obligor's ability to pay interest and repay principal is considered to be adequate. Adverse changes in economic conditions and circumstances, however, are more likely to have adverse impact on these bonds, and therefore impair timely payment. The likelihood that the ratings of these bonds will fall below investment grade is higher than for bonds with higher ratings.

Plus (+) or Minus (-): Plus and minus signs are used with a rating symbol to indicate the relative position of a credit within the rating category. Plus and minus signs, however, are not used in the "AAA" category.

Credit Trend Indicator: Credit trend indicators show whether credit fundamentals are improving, stable, declining, or uncertain, as follows:

<TABLE>

<S>	<C>	<C>
	Improving	UP ARROW
	Stable	BI-DIRECTIONAL ARROW--LEFT/RIGHT
	Declining	DOWN ARROW
	Uncertain	BI-DIRECTIONAL ARROW--UP/DOWN

</TABLE>

Credit trend indicators are not predictions that any rating change will occur, and have a longer-term time frame than issues placed on FitchAlert.

NR indicates that Fitch does not rate the specific issue.

CONDITIONAL: A conditional rating is premised on the successful completion of a project or the occurrence of a specific event.

SUSPENDED: A rating is suspended when Fitch deems the amount of information available from the issuer to be inadequate for rating purposes.

WITHDRAWN: A rating will be withdrawn when an issue matures or is called or refinanced and, at Fitch's discretion, when an issuer fails to furnish proper and timely information.

FITCHALERT: Ratings are placed on FitchAlert to notify investors of an occurrence that is likely to result in a rating change and the likely direction of such change. These are designated as "Positive" indicating a potential upgrade, "Negative" for potential downgrade, or "Evolving" where ratings may be raised or lowered. FitchAlert is relatively short-term, and should be resolved within three to 12 months.

DESCRIPTION OF FITCH'S SPECULATIVE GRADE BOND RATINGS

Fitch speculative grade bond ratings provide a guide to investors in determining the credit risk associated with a particular security. The ratings ("BB" to "C") represent Fitch's assessment of the likelihood of timely payment of principal and interest in accordance with the terms of obligation for bond issues not in default. For defaulted bonds, the rating ("DDD" to "D") is an assessment of the ultimate recovery value through reorganization or liquidation.

The rating takes into consideration special features of the issue, its relationship to other obligations of the issuer, the current and prospective financial condition and operating performance of the issuer and any guarantor, as well as the economic and political environment that might affect the issuer's future financial strength.

Bonds that have the same rating are of similar but not necessarily identical credit quality since rating categories cannot fully reflect the differences in degrees of credit risk.

BB -- Bonds are considered speculative. The obligor's ability to pay interest and repay principal may be affected over time by adverse economic changes. However, business and financial alternatives can be identified which could assist the obligor in satisfying its debt service requirements.

B -- Bonds are considered highly speculative. While bonds in this class are currently meeting debt service requirements, the probability of continued timely payment of principal and interest reflects the obligor's limited margin of safety and the need for reasonable business and economic activity throughout the life of the issue.

CCC -- Bonds have certain identifiable characteristics which, if not remedied, may lead to default. The ability to meet obligations requires an advantageous business and economic environment.

CC -- Bonds are minimally protected. Default in payment of interest and/or principal seems probable over time.

C -- Bonds are in imminent default in payment of interest or principal.

DDD, DD, and D -- Bonds are in default on interest and/or principal payments. Such bonds are extremely speculative and should be valued on the basis of their ultimate recovery value in liquidation or reorganization of the obligor. "DDD" represents the highest potential for recovery on these bonds, and "D" represents the lowest potential for recovery.

Plus (+) or Minus (-): Plus and minus signs are used with a rating symbol to indicate the relative position of a credit within the rating category. Plus and minus signs, however, are not used in the "DDD," "DD," or "D" categories.

DESCRIPTION OF FITCH'S INVESTMENT GRADE SHORT-TERM RATINGS

Fitch's short-term ratings apply to debt obligations that are payable on demand or have original maturities of up to three years, including commercial paper, certificates of deposit, medium-term notes, and municipal and investment notes.

The short-term rating places greater emphasis than a long-term rating on the existence of liquidity necessary to meet the issuer's obligations in a timely manner.

Fitch short-term ratings are as follows:

<TABLE>

<S>	<C>	<C>
	F-1+	Exceptionally Strong Credit Quality. Issues assigned this rating are regarded as having the strongest degree of assurance for timely payment.
	F-1	Very Strong Credit Quality. Issues assigned this rating reflect an assurance of timely payment only slightly less in degree than issues rated "F-1+".
	F-2	Good Credit Quality. Issues assigned this rating have a satisfactory degree of assurance for timely payment, but the margin of safety is not as great as for issues assigned "F-1+" and "F-1" ratings.
	F-3	Fair Credit Quality. Issues assigned this rating have characteristics suggesting that the degree of assurance for timely payment is adequate; however, near-term adverse changes could cause these securities to be rated below investment grade.
	F-4	Weak Credit Quality. Issues assigned this rating have characteristics suggesting a minimal degree of assurance for timely payment and are vulnerable to near-term adverse changes in financial and economic conditions.

D	Default. Issues assigned this rating are in actual or imminent payment default.
LOC	The symbol "LOC" indicates that the rating is based on a letter of credit issued by a commercial bank.

</TABLE>

EXHIBIT IV

PORTFOLIO INSURANCE

Set forth below is further information with respect to the Mutual Fund Insurance Policies (the "Policies") which each Fund may obtain from several insurance companies with respect to insured Municipal Bonds held by the Fund. Each Fund has no obligation to obtain any such Policies and the terms of any Policies actually obtained may vary significantly from the terms described below.

In determining eligibility for insurance, insurance companies will apply their own standards which correspond generally to the standards they normally use in establishing the insurability of new issues of Municipal Bonds and which are not necessarily the criteria which would be used in regard to the purchase of such bonds by the Funds. The Policies do not insure (i) municipal securities ineligible for insurance and (ii) municipal securities no longer owned by a Fund.

The Policies do not guarantee the market value of the insured Municipal Bonds or the value of the shares of the Funds. In addition, if the provider of an original issuance insurance policy is unable to meet its obligations under such policy or if the rating assigned to the insurance claims-paying ability of any such insurer deteriorates, the insurance company will not have any obligation to insure any issue held by a Fund which is adversely affected by either of the above described events. In addition to the payment of premiums, the Policies may require that a Fund notify the insurance company as to all Municipal Bonds in the Fund's portfolio and permit the insurance company to audit their records. The insurance premiums will be payable monthly by each Fund in accordance with a premium schedule to be furnished by the insurance company at the time the Policies are issued. Premiums are based upon the amounts covered and the composition of the portfolio.

The insurance companies will have insurance claims-paying ability ratings of AAA from Standard & Poor's Ratings Group ("S&P"), Aaa from Moody's Investors Service, Inc. ("Moody's") or AAA from Fitch Investors Service, Inc. ("Fitch").

An S&P insurance claims-paying ability rating is an assessment of an operating insurance company's financial capacity to meet obligations under an insurance policy in accordance with the terms. An insurer with an insurance claims-paying ability rating of AAA has the highest rating assigned by S&P. Capacity to honor insurance contracts is adjudged by S&P to be extremely strong and highly likely to remain so over a long period of time. A Moody's insurance claims-paying ability rating is an opinion of the ability of an insurance company to repay punctually senior policyholder obligations and claims. An insurer with an insurance claims-paying ability rating of Aaa is adjudged by Moody's to be of the best quality. In the opinion of Moody's, the policy obligations of an insurance company with an insurance claims-paying ability rating of Aaa carry the smallest degree of credit risk and, while the financial strength of these companies is likely to change, such changes as can be visualized are most unlikely to impair the company's fundamentally strong position. A Fitch insurance claims-paying ability rating provides an assessment of an insurance company's financial strength and, therefore, its ability to pay policy and contract claims under the terms indicated. An insurer with an insurance claims-paying ability rating of AAA has the highest rating assigned by Fitch. The ability to pay claims is adjudged by Fitch to be extremely strong for insurance companies with this highest rating. In the opinion of Fitch, foreseeable business and economic risk factors should not have any material adverse impact on the ability of these insurers to pay claims. In Fitch's opinion, profitability, overall balance sheet strength,

capitalization and liquidity are all at very secure levels and are unlikely to be affected by potential adverse underwriting, investment or cyclical events.

An insurance claims-paying ability rating by S&P, Moody's or Fitch does not constitute an opinion on any specific contract in that such an opinion can only be rendered upon the review of the specific insurance contract. Furthermore, an insurance claims-paying ability rating does not take into account deductibles, surrender or cancellation penalties or the timeliness of payment; nor does it address the ability of a company to meet nonpolicy obligations (i.e. debt contracts.)

The assignment of ratings by S&P, Moody's or Fitch to debt issues that are fully or partially supported by insurance policies, contracts or guarantees is a separate process from the determination of claims-paying ability ratings. The likelihood of a timely flow of funds from the insurer to the trustee for the bondholders is a key element in the rating determination for such debt issues.

COMMON STOCK

MUNIYIELD CALIFORNIA INSURED FUND II, INC.
P.O. BOX 9011
PRINCETON, NEW JERSEY 08543-9011
PROXY

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Arthur Zeikel, Terry K. Glenn and Mark B. Goldfus as proxies, each with the power to appoint his substitute, and hereby authorizes each of them to represent and to vote, as designated on the reverse hereof, all of the shares of Common Stock of MuniYield California Insured Fund II, Inc. (the "Fund") held of record by the undersigned on August 16, 1996 at the Annual Meeting of Stockholders of the Fund to be held on September 30, 1996, or any adjournment thereof.

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER HEREIN DIRECTED BY THE UNDERSIGNED STOCKHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR PROPOSALS 1, 2 AND 3.

(Continued and to be signed on the reverse side)

<TABLE>
<S> <C>
1. To consider and act upon a proposal to approve the Agreement and Plan of Reorganization between the Fund and MuniVest California Insured Fund, Inc.
FOR / / AGAINST / / ABSTAIN / /
2. To consider and act upon a proposal to elect the following persons as Directors of the Fund:
FOR all nominees listed below (except as marked to the contrary below) / / WITHHOLD AUTHORITY to vote for all nominees listed below / /
(INSTRUCTION: TO WITHHOLD AUTHORITY TO VOTE FOR ANY INDIVIDUAL NOMINEE, STRIKE A LINE THROUGH THE NOMINEE'S NAME IN THE LIST BELOW.)
James H. Bodurtha, Herbert I. London, Robert R. Martin, Arthur Zeikel
3. To consider and act upon a proposal to ratify the selection of Deloitte & Touche LLP as the independent auditors of the Fund to serve for the current fiscal year ending October 31, 1996.
FOR / / AGAINST / / ABSTAIN / /
4. In the discretion of such proxies, upon such other business as properly may come before the meeting or any adjournment thereof.
</TABLE>

Please sign exactly as name appears hereon. When shares are held by joint tenants, both should sign. When signing as attorney or as executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by president or other authorized officer. If a partnership, please sign in partnership name by authorized persons.

Dated: , 1996

X
Signature

X
Signature, if held jointly

PLEASE MARK BOXES /X/ OR [X] IN BLUE OR BLACK INK. SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

AUCTION MARKET PREFERRED STOCK

MUNIYIELD CALIFORNIA INSURED FUND II, INC.
P.O. BOX 9011
PRINCETON, NEW JERSEY 08543-9011

PROXY

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Arthur Zeikel, Terry K. Glenn and Mark B. Goldfus as proxies, each with the power to appoint his substitute, and hereby authorizes each of them to represent and to vote, as designated on the reverse hereof, all of the shares of Auction Market Preferred Stock of MuniYield California Insured Fund II, Inc. (the "Fund") held of record by the undersigned on August 16, 1996 at the Annual Meeting of Stockholders of the Fund to be held on September 30, 1996, or any adjournment thereof.

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER HEREIN DIRECTED BY THE UNDERSIGNED STOCKHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR PROPOSALS 1, 2 AND 3.

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1. To consider and act upon a proposal to approve the Agreement and Plan of Reorganization between the Fund and MuniVest California Insured Fund, Inc.
   FOR / / AGAINST / / ABSTAIN / /
2. To consider and act upon a proposal to elect the following persons as Directors of the Fund:
   FOR all nominees listed below (except as marked to the contrary below) / / WITHHOLD AUTHORITY to vote for all nominees listed below / /
   (INSTRUCTION: TO WITHHOLD AUTHORITY TO VOTE FOR ANY INDIVIDUAL NOMINEE, STRIKE A LINE THROUGH THE NOMINEE'S NAME IN THE LIST BELOW.)
   James H. Bodurtha, Herbert I. London, Robert R. Martin, Joseph L. May, Andre F. Perold, Arthur Zeikel
3. To consider and act upon a proposal to ratify the selection of Deloitte & Touche LLP as the independent auditors of the Fund to serve for the current fiscal year ending October 31, 1996.
   FOR / / AGAINST / / ABSTAIN / /
4. In the discretion of such proxies, upon such other business as properly may come before the meeting or any adjournment thereof.
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Please sign exactly as name appears hereon. When shares are held by joint tenants, both should sign. When signing as attorney or as executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by president or other authorized officer. If a partnership, please sign in partnership name by authorized persons.

Dated: , 1996

X
Signature

X
Signature, if held jointly

PLEASE MARK BOXES /X/ OR [X] IN BLUE OR BLACK INK. SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

COMMON STOCK

MUNIVEST CALIFORNIA INSURED FUND, INC.
P.O. BOX 9011
PRINCETON, NEW JERSEY 08543-9011
PROXY

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Arthur Zeikel, Terry K. Glenn and Mark B. Goldfus as proxies, each with the power to appoint his substitute, and hereby authorizes each of them to represent and to vote, as designated on the reverse hereof, all of the shares of Common Stock of MuniVest California Insured Fund, Inc. (the "Fund") held of record by the undersigned on August 16, 1996 at the Annual Meeting of Stockholders of the Fund to be held on September 30, 1996, or any adjournment hereof.

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER HEREIN DIRECTED BY THE UNDERSIGNED STOCKHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR PROPOSALS 1, 2 AND 3.

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178

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1. To consider and act upon a proposal to approve the Agreement and Plan of Reorganization between the Fund and MuniYield California Insured Fund II, Inc.
FOR / /   AGAINST / /   ABSTAIN / /
2. To consider and act upon a proposal to elect the following persons as Directors of the Fund:
FOR all nominees listed below (except as marked to the contrary below) / /   WITHHOLD AUTHORITY to vote for all nominees listed below / /
(INSTRUCTION: TO WITHHOLD AUTHORITY TO VOTE FOR ANY INDIVIDUAL NOMINEE, STRIKE A LINE THROUGH THE NOMINEE'S NAME IN THE LIST BELOW.)
Edward H. Meyer, Jack B. Sunderland, J. Thomas Touchton, Arthur Zeikel
3. To consider and act upon a proposal to ratify the selection of Deloitte & Touche LLP as the independent auditors of the Fund to serve for the current fiscal year ending October 31, 1996.
FOR / /   AGAINST / /   ABSTAIN / /
4. In the discretion of such proxies, upon such other business as properly may come before the meeting or any adjournment thereof.
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Please sign exactly as name appears hereon. When shares are held by joint tenants, both should sign. When signing as attorney or as executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by president or other authorized officer. If a partnership, please sign in partnership name by authorized persons.

Dated: , 1996

X
Signature

X
Signature, if held jointly

PLEASE MARK BOXES /X/ OR [X] IN BLUE OR BLACK INK. SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

179

AUCTION MARKET PREFERRED STOCK

MUNIVEST CALIFORNIA INSURED FUND, INC.
P.O. BOX 9011
PRINCETON, NEW JERSEY 08543-9011
PROXY

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The undersigned hereby appoints Arthur Zeikel, Terry K. Glenn and Mark B. Goldfus as proxies, each with the power to appoint his substitute, and hereby authorizes each of them to represent and to vote, as designated on the reverse hereof, all of the shares of Auction Market Preferred Stock of MuniVest California Insured Fund, Inc. (the "Fund") held of record by the undersigned on August 16, 1996 at the Annual Meeting of Stockholders of the Fund to be held on September 30, 1996, or any adjournment thereof.

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(INSTRUCTION: TO WITHHOLD AUTHORITY TO VOTE FOR ANY INDIVIDUAL NOMINEE, STRIKE A LINE THROUGH THE NOMINEE'S NAME IN THE LIST BELOW.)
Donald Cecil, M. Colyer Crum, Edward H. Meyer, Jack B. Sunderland, J. Thomas Touchton, Arthur Zeikel

3. To consider and act upon a proposal to ratify the selection of Deloitte & Touche LLP as the independent auditors of the Fund to serve for the current fiscal year ending October 31, 1996.
   FOR / / AGAINST / / ABSTAIN / /
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Please sign exactly as name appears hereon. When shares are held by joint tenants, both should sign. When signing as attorney or as executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by president or other authorized officer. If a partnership, please sign in partnership name by authorized persons.

Dated: , 1996

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Signature

X

Signature, if held jointly

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