

BLACKROCK INSURED MUNICIPAL INCOME TRUST

Form N-CSR

November 08, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-21178

Name of Fund: BlackRock Insured Municipal Income Trust (BYM)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: Anne F. Ackerley, Chief Executive Officer, BlackRock Insured Municipal Income Trust, 55 East 52nd Street, New York, NY 10055

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

Date of fiscal year end: 08/31/2010

Date of reporting period: 08/31/2010

Item 1 – Report to Stockholders

August 31, 2010

Annual Report

BlackRock Insured Municipal Income Trust (BYM)

BlackRock Insured Municipal Income Investment Trust (BAF)

BlackRock Municipal Bond Trust (BBK)

BlackRock Municipal Bond Investment Trust (BIE)

BlackRock Municipal Income Trust II (BLE)

BlackRock MuniHoldings Insured Investment Fund (MFL)

BlackRock MuniVest Fund, Inc. (MVF)

Not FDIC Insured § No Bank Guarantee § May Lose Value

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Dear Shareholder

The global economic recovery continues, although global and US economic statistics show that the pace of economic growth has slowed. The sovereign debt crisis in Europe, slowing growth in China and concerns over the possibility that the United States and other developed markets are heading for a double-dip recession have all acted to depress investor sentiment. Despite broadening evidence of a slowdown in global economic activity, market volatility has normalized from the extreme levels seen in recent months. In the United States, economic data continues to be mixed, but it is our view that the preponderance of data suggests that the recovery is continuing. The critical issue for investors remains the question of whether the economy will experience a double-dip recession. We are on the optimistic side of this debate and would point out that while the recovery has been slow, we have made significant progress.

Global equity markets have moved unevenly higher since bottoming out in early 2009 as investors were enticed by depressed valuations, improved corporate earnings, and their desire for higher yields. Several significant downturns, however, have occurred primarily as a result of mixed economic data and concerns about the possibility of prolonged deflation (especially in Europe). As the period drew to a close, equity markets lost ground on weaker-than-expected economic data, most notably from the United States. International equities posted negative returns on both a six- and 12-month basis while US equities posted negative returns over the six months, but were still showing positive returns on a 12-month basis as the domestic economic recovery had been more pronounced and credit-related issues held European markets down. Within the United States, smaller cap stocks continue to outperform large caps year-to-date.

In fixed income markets, yields have fluctuated significantly over the past year as economic data has been mixed. Risk aversion and credit issues have kept interest rates low and US Treasury yields have fallen significantly as investors favored safe haven assets. As the period drew to a close, Treasuries modestly outperformed the spread sectors of the market (those driven by changes in credit risk). Corporate credit spreads benefited from the low rate environment and high yield fixed income remains attractive due to low default rates and better-than-expected results on European bank stress tests. Meanwhile, tax-exempt municipal bonds slightly outperformed US investment grade bonds on a 12-month basis, but underperformed year-to-date as investors rotated to the relative safety of Treasuries.

Regarding cash investments, yields on money market securities remain near all-time lows (producing returns only marginally above zero percent), with the Federal Open Market Committee reiterating that economic circumstances are likely to necessitate an accommodative interest rate stance for an extended period.

Against this backdrop, the major market averages posted the following returns:

Total Returns as of August 31, 2010	6-month	12-month
US large cap equities (S&P 500 Index)	(4.04)%	4.91%
US small cap equities (Russell 2000 Index)	(3.60)	6.60
International equities (MSCI Europe, Australasia, Far East Index)	(3.04)	(2.34)
3-month Treasury bill (BofA Merrill Lynch 3-Month Treasury Bill Index)	0.07	0.14
US Treasury securities (BofA Merrill Lynch 10-Year US Treasury Index)	11.49	11.58
US investment grade bonds (Barclays Capital US Aggregate Bond Index)	5.81	9.18
Tax-exempt municipal bonds (Barclays Capital Municipal Bond Index)	5.42	9.78
US high yield bonds (Barclays Capital US Corporate High Yield 2% Issuer Capped Index)	6.62	21.40

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Past performance is no guarantee of future results. Index performance shown for illustrative purposes only. You cannot invest directly in an index.

Although conditions have improved over the past couple of years, investors across the globe continue to face uncertainty about the future direction of economic growth. Through periods of uncertainty, as ever, BlackRock's full resources are dedicated to the management of our clients' assets. For additional market perspective and investment insight, visit www.blackrock.com/shareholdermagazine, where you'll find the most recent issue of our award-winning *Shareholder*[®] magazine, as well as its quarterly companion newsletter, *Shareholder Perspectives*. We thank you for entrusting BlackRock with your investments, and we look forward to your continued partnership in the months and years ahead.

Sincerely,
Rob Kapito
President, BlackRock Advisors, LLC

THIS PAGE NOT PART OF YOUR FUND REPORT

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Trust Summary as of August 31, 2010

BlackRock Insured Municipal Income Trust

Trust Overview

BlackRock Insured Municipal Income Trust s (BYM) (the Trust) investment objective is to provide current income exempt from federal income taxes, including the alternative minimum tax. The Trust seeks to achieve its investment objective by investing, under normal circumstances, at least 80% of its assets in municipal bonds exempt from federal income taxes, including the alternative minimum tax, and investing, under normal circumstances, at least 80% of its assets in municipal bonds that are covered by insurance guaranteeing the timely payment of principal at maturity and interest when due. The Trust also invests at least 80% of its assets in municipal bonds of the highest investment grade quality at the time of investment. The Trust may invest directly in such securities or synthetically through the use of derivatives. Due to the repeal of the Florida intangible personal property tax, the Board approved an amended policy in September 2008, allowing the Trust the flexibility to invest in municipal obligations regardless of geographical location.

No assurance can be given that the Trust s investment objective will be achieved.

Performance

For the 12 months ended August 31, 2010, the Trust returned 18.42% based on market price and 14.74% based on net asset value (NAV). For the same period, the closed-end Lipper Insured Municipal Debt Funds (Leveraged) category posted an average return of 23.80% based on market price and 15.41% based on NAV. All returns reflect reinvestment of dividends. The Trust s premium to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. Given the attractiveness of municipal bonds coupled with low yields on cash equivalents, we maintained a low cash balance and fully invested posture. The Trust benefited from its modestly long duration as interest rates declined. The Trust s exposure to the longer end of the yield curve contributed to performance as yields generally declined in the 10- to 30-year range during the period. Holdings of insured bonds with lower quality underlying credits also aided results as credit spreads generally tightened over the period. The Trust s performance was negatively impacted by its exposure to certain lower quality Texas- and California-issued zero-coupon bonds as spreads widened in this sector. Holdings of bonds with shorter maturities and premium coupon bonds with short call dates also detracted as the shorter end of the yield curve underperformed longer-dated issues.

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

Trust Information

Symbol on New York Stock Exchange (NYSE)	BYM
Initial Offering Date	October 31, 2002
Yield on Closing Market Price as of August 31, 2010 (\$15.26) ¹	5.82%
Tax Equivalent Yield ²	8.95%
Current Monthly Distribution per Common Share ³	\$0.074
Current Annualized Distribution per Common Share ³	\$0.888
Leverage as of August 31, 2010 ⁴	36%

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- ¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.
- ² Tax equivalent yield assumes the maximum federal tax rate of 35%.
- ³ A change in the distribution rate was declared on September 1, 2010. The Monthly Distribution per Common Share was increased to \$0.077. The Yield on Closing Market Price, Current Monthly Distribution per Common Share and Current Annualized Distribution per Common Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to change in the future.
- ⁴ Represents Auction Market Preferred Shares (Preferred Shares) and tender option bond trusts (TOBs) as a percentage of total managed assets, which is the total assets of the Trust, including any assets attributable to Preferred Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 11.

The table below summarizes the changes in the Trust's market price and NAV per share:

	8/31/10	8/31/09	Change	High	Low
Market Price	\$ 15.26	\$ 13.69	11.47%	\$ 15.49	\$ 12.78
Net Asset Value	\$ 14.64	\$ 13.55	8.04%	\$ 14.72	\$ 13.54

The following charts show the sector and credit quality allocations of the Trust's long-term investments:

Sector Allocations

	8/31/10	8/31/09
Utilities	24%	25%
County/City/Special District/School District	21	19
Transportation	21	25
State	15	15
Health	7	7
Tobacco	6	6
Education	3	2
Corporate	2	
Housing	1	1

Credit Quality Allocations⁵

	8/31/10	8/31/09
AAA/Aaa	57%	56%
AA/Aa	24	19
A	12	15
BBB/Baa	5	8
Not Rated ⁶	2	2

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- ⁵ Using the higher of Standard & Poor's (S&P's) or Moody's Investors Service (Moody's) ratings.
- ⁶ The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of August 31, 2010 and August 31, 2009, the market value of these securities was \$10,513,600 representing 2% and \$10,859,100 representing 2%, respectively, of the Trust's long-term investments.

Trust Summary as of August 31, 2010

BlackRock Insured Municipal Income Investment Trust

Trust Overview

BlackRock Insured Municipal Income Investment Trust s (BAF) (the Trust) investment objective is to provide current income exempt from federal income tax, including the alternative minimum tax and Florida intangible property tax. The Trust seeks to achieve its investment objective by investing, under normal circumstances, at least 80% of its assets in municipal bonds exempt from federal income taxes, including the alternative minimum tax, and investing, under normal market conditions, at least 80% of its managed assets in municipal bonds that are covered by insurance guaranteeing the timely payment of principal at maturity and interest when due. The Trust also invests at least 80% of its assets in municipal bonds of the highest investment grade quality at the time of investment. The Trust may invest directly in such securities or synthetically through the use of derivatives. Due to the repeal of the Florida intangible personal property tax, the Board approved an amended policy in September 2008, allowing the Trust the flexibility to invest in municipal obligations regardless of geographical location.

No assurance can be given that the Trust s investment objective will be achieved.

Performance

For the 12 months ended August 31, 2010, the Trust returned 27.70% based on market price and 13.93% based on NAV. For the same period, the closed-end Lipper Insured Municipal Debt Funds (Leveraged) category posted an average return of 23.80% based on market price and 15.41% based on NAV. All returns reflect reinvestment of dividends. The Trust moved from a discount to NAV to a premium by period end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The Trust s exposure to premium coupon bonds with short call dates detracted from performance as securities on the shorter end of the yield curve underperformed longer-dated issues in the declining interest rate environment. Exposure to zero-coupon bonds also detracted as retail investors shunned them in favor of current coupon bonds. However, the Trust s holdings of health and utilities bonds with maturities of 20 years and longer contributed positively to performance as each of these sectors outperformed the broader market and bonds with longer maturities benefited from declining yields.

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Trust Information

Symbol on NYSE	BAF
Initial Offering Date	October 31, 2002
Yield on Closing Market Price as of August 31, 2010 (\$15.64) ¹	5.64%
Tax Equivalent Yield ²	8.68%
Current Monthly Distribution per Common Share ³	\$0.0735
Current Annualized Distribution per Common Share ³	\$0.8820
Leverage as of August 31, 2010 ⁴	36%

¹ Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

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- ² Tax equivalent yield assumes the maximum federal tax rate of 35%.
- ³ The distribution is not constant and is subject to change.
- ⁴ Represents Preferred Shares and TOBs as a percentage of total managed assets, which is the total assets of the Trust, including any assets attributable to Preferred Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 11.

The table below summarizes the changes in the Trust's market price and NAV per share:

	8/31/10	8/31/09	Change	High	Low
Market Price	\$ 15.64	\$ 13.01	20.22%	\$ 15.76	\$ 12.67
Net Asset Value	\$ 15.08	\$ 14.06	7.25%	\$ 15.10	\$ 13.99

The following charts show the sector and credit quality allocations of the Trust's long-term investments:

Sector Allocations

	8/31/10	8/31/09
County/City/Special District/School District	36%	46%
Utilities	27	27
Transportation	15	7
State	11	9
Health	10	10
Housing	1	1

Credit Quality Allocations⁵

	8/31/10	8/31/09
AAA/Aaa	59%	44%
AA/Aa	25	29
A	13	20
Not Rated ⁶	3	7

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

⁶ The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of August 31, 2010 and August 31, 2009, the market value of these securities was \$5,171,100 representing 3% and \$7,552,594 representing 4%, respectively, of the Trust's long-term investments.

Trust Summary as of August 31, 2010

BlackRock Municipal Bond Trust

Trust Overview

BlackRock Municipal Bond Trust s (BBK) (the Trust) investment objective is to provide current income exempt from regular federal income tax. The Trust seeks to achieve its investment objective by investing primarily in municipal bonds exempt from regular federal income taxes (except that the interest may be subject to the federal alternative minimum tax). The Trust invests, under normal market conditions, at least 80% of its assets in municipal bonds that are investment grade quality. The Trust may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Trust s investment objective will be achieved.

Performance

For the 12 months ended August 31, 2010, the Trust returned 22.90% based on market price and 24.13% based on NAV. For the same period, the closed-end Lipper General Municipal Debt Funds (Leveraged) category posted an average return of 23.82% based on market price and 18.86% based on NAV. All returns reflect reinvestment of dividends. The Trust s premium to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The Trust s high duration and low cash balance resulted in positive capital appreciation as interest rates declined. Many of the Trust s holdings began the period with depressed valuations resulting from their underperformance during the periods of dislocations in the credit market, which positioned them for more upward price movement potential as the market continued its recovery. Among these holdings were lower quality bonds, which outperformed as credit spreads tightened, and long-term bonds, which benefited from declining yields. We purchased a number of new issues structured with the goal of creating greater potential for price appreciation in response to declining interest rates. The Trust s increased exposure to the health and housing sectors also added to performance as these sectors performed well during the period. Conversely, the Trust s holdings on the shorter end of the yield curve, including premium coupon bonds with short call dates, pre-refunded bonds, and other short maturity issues, detracted from performance as they underperformed longer-dated issues. Exposure to zero-coupon bonds detracted from performance as investors favored current coupon bonds.

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

Trust Information

Symbol on NYSE	BBK
Initial Offering Date	April 30, 2002
Yield on Closing Market Price as of August 31, 2010 (\$15.79) ¹	6.46%
Tax Equivalent Yield ²	9.94%
Current Monthly Distribution per Common Share ³	\$0.085
Current Annualized Distribution per Common Share ³	\$1.020
Leverage as of August 31, 2010 ⁴	35%

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Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

- ² Tax equivalent yield assumes the maximum federal tax rate of 35%.
- ³ A change in the distribution rate was declared on September 1, 2010. The Monthly Distribution per Share was increased to \$0.086. The Yield on Closing Market Price, Current Monthly Distribution per Share and Current Annualized Distribution per Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to further change in the future.
- ⁴ Represents Preferred Shares and TOBs as a percentage of total managed assets, which is the total assets of the Trust, including any assets attributable to Preferred Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 11.

The table below summarizes the changes in the Trust's market price and NAV per share:

	8/31/10	8/31/09	Change	High	Low
Market Price	\$ 15.79	\$ 13.80	14.42%	\$ 15.83	\$ 13.25
Net Asset Value	\$ 15.29	\$ 13.23	15.57%	\$ 15.29	\$ 13.23

The following charts show the sector and credit quality allocations of the Trust's long-term investments:

Sector Allocations