

BLACKROCK INSURED MUNICIPAL INCOME INVESTMENT TRUST
Form N-CSR
November 05, 2009

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 811-21180

Name of Fund: BlackRock Insured Municipal Income Investment Trust (BAF)

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 Investment Trust, 40 East 52nd Street, New York, NY 10022.

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

Date of fiscal year end: 08/31/2009

Date of reporting period: 08/31/2009

Item 1 – Report to Stockholders

EQUITIES FIXED INCOME REAL ESTATE LIQUIDITY ALTERNATIVES BLACKROCK SOLUTIONS

Annual Report

AUGUST 31, 2009

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

MAY LOSE VALUE

NO BANK GUARANTEE

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Dear Shareholder

The past 12 months reveal two distinct economic and market backdrops – one of extreme investor pessimism and decided weakness, and another of increased optimism amid growing signs of recovery. The start of the period was characterized by the former. September through December 2008 saw the surge of the economic storm that sparked the worst recession in decades. The months featured, among others, the infamous collapse of Lehman Brothers, uniformly poor economic data and plummeting investor confidence that resulted in massive government intervention (on a global scale) in the financial system and the economy. The tide turned dramatically in March 2009, however, on the back of new US government initiatives, as well as better-than-expected economic data and upside surprises in corporate earnings.

In this environment, US equities contended with extraordinary volatility, posting steep declines through mid-March before embarking on a rally that resulted in strong year-to-date returns for all major indexes. June saw a brief correction, though it appeared to be induced more by profit-taking and portfolio rebalancing than by a change in the economic outlook. The experience in international markets was similar to that in the United States. Notably, emerging markets staged a strong comeback in 2009 as these areas of the globe have generally seen a stronger acceleration in economic activity.

In fixed income markets, the flight-to-safety premium in Treasury securities prevailed during the equity market downturn, but more recently, ongoing concerns about deficit spending, debt issuance, inflation and dollar weakness have kept Treasury yields higher. At the same time, relatively attractive yields and distressed valuations among non-Treasury assets, coupled with a more favorable macro environment, drew in sidelined investors and triggered a sharp recovery in these sectors. This was particularly evident in the high yield sector, which has firmly outpaced all other taxable asset classes since the start of 2009. The municipal bond market enjoyed strong returns in 2009 as well, buoyed by a combination of attractive valuations, robust retail investor demand and a slowdown in forced selling. Moreover, the Build America Bond program has alleviated supply pressures, creating a more favorable technical environment. In particular, August marked the municipal market's best monthly performance in more than 20 years, as the asset class has regained year-to-date all that was lost during 2008.

Overall, results for the major benchmark indexes were mixed. Higher-risk assets (i.e., equities and high yield bonds) and Treasuries reflected a bifurcated market, while less-risky fixed income investments posted stable, modest returns.

Total Returns as of August 31, 2009	6-month	12-month
US equities (S&P 500 Index)	40.52%	(18.25)%
Small cap US equities (Russell 2000 Index)	48.25	(21.29)
International equities (MSCI Europe, Australasia, Far East Index)	53.47	(14.95)
US Treasury securities (BofA Merrill Lynch 10-Year US Treasury Index*)	(1.61)	6.77
Taxable fixed income (Barclays Capital US Aggregate Bond Index)	5.95	7.94
Tax-exempt fixed income (Barclays Capital Municipal Bond Index)	5.61	5.67
High yield bonds (Barclays Capital US Corporate High Yield 2% Issuer Capped Index)	36.31	7.00

* Formerly a Merrill Lynch Index.

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

The market environment has visibly improved since the beginning of the year, but a great deal of uncertainty and risk remain. Through periods of market turbulence, as ever, BlackRock's full resources are dedicated to the management of our clients' assets. We invite you to visit www.blackrock.com/funds for our most current views on the economy and financial markets. As always, we thank you for entrusting BlackRock with your investments, and we look forward to continuing to serve you in the months and years ahead.

Sincerely,

Rob Kapito
President, BlackRock Advisors, LLC

Announcement to Shareholders

On June 16, 2009, BlackRock, Inc. announced that it received written notice from Barclays PLC (Barclays) in which Barclays Board of Directors had accepted BlackRock's offer to acquire Barclays Global Investors (BGI). At a special meeting held on August 6, 2009, BlackRock's proposed purchase of BGI was approved by an overwhelming majority of Barclays' voting shareholders, an important step toward closing the transaction. The combination of BlackRock and BGI will bring together market leaders in active and index strategies to create the preeminent asset management firm. The transaction is scheduled to be completed in the fourth quarter of 2009, subject to important fund shareholder and regulatory approvals.

THIS PAGE NOT PART OF YOUR FUND REPORT

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Trust Summary as of August 31, 2009

BlackRock Insured Municipal Income Trust

Investment Objective

BlackRock Insured Municipal Income Trust (BYM) (the Trust) seeks to provide high current income exempt from regular federal income taxes. The Trust will invest at least 80% of its managed assets in municipal obligations that are insured as to the timely payment of both principal and interest.

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

Performance

For the 12 months ended August 31, 2009, the Trust returned 10.58% based on market price and 2.83% 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 10.87% on a market price basis and 3.97% on a NAV basis. All returns reflect reinvestment of dividends. During the period, the Trust moved from a discount to a premium to NAV, which accounts for the difference between performance based on price and performance based on NAV. The Trust's above-average yield contributed to performance, as did its constructive duration posture during a period in which yields fell (prices increased) albeit in a very volatile manner. Conversely, the Trust's overweight exposure to the long end of the municipal yield curve detracted from performance as the curve steepened and the shorter end performed better. Additionally, the Trust's holdings of insured bonds with weaker underlying ratings had a negative impact on results, as insurer downgrades led to wider spreads on these securities. We worked to opportunistically upgrade credit quality over the period.

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, 2009 (\$13.69) ¹	6.00%
Tax Equivalent Yield ²	9.23%
Current Monthly Distribution per Common Share ³	\$0.0685
Current Annualized Distribution per Common Share ³	\$0.8220
Leverage as of August 31, 2009 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.

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 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

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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:

	8/31/09	8/31/08	Change	High	Low
Market Price	\$13.69	\$13.19	3.79%	\$14.00	\$ 7.82
Net Asset Value	\$13.55	\$14.04	(3.49)%	\$14.21	\$ 10.32

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

Sector Allocations

	8/31/09	8/31/08
Transportation	25%	24%
Utilities	25	27
County/City/Special District/School District	19	16
State	15	15
Health	7	6
Tobacco	6	6
Education	2	5
Housing	1	
Corporate		1

Credit Quality Allocations⁵

	8/31/09	8/31/08
AAA/Aaa	56%	58%
AA/Aa	19	34
A	15	5
BBB/Baa	8	3
Not Rated	2 ⁶	

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, 2009, the market value of these securities was \$10,859,100 representing 2% of the Trust's long-term investments.

Trust Summary as of August 31, 2009

BlackRock Insured Municipal Income Investment Trust

Investment Objective

BlackRock Insured Municipal Income Investment Trust (BAF) (the Trust) seeks to provide current income exempt from regular federal income taxes, including the alternative minimum tax and Florida intangible personal property tax. The Trust will invest at least 80% of its managed assets in municipal obligations that are insured as to the timely payment of both principal and interest.

Effective September 12, 2008, BlackRock Florida Insured Municipal Income Trust was renamed BlackRock Insured Municipal Income Investment Trust.

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

Performance

For the 12 months ended August 31, 2009, the Trust returned 11.70% based on market price and 5.36% based on NAV. For the same period, the closed-end Lipper Insured Municipal Debt Funds (Leveraged) category posted an average return of 10.87% on a market price basis and 3.97% on a NAV basis. All returns reflect reinvestment of dividends. The Trust's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The Trust's overweights in longer-dated tax-backed and utility bonds contributed positively to performance. Conversely, overweight exposure to spread products, such as health care bonds, detracted from results as these issues underperformed the broader municipal market early in the reporting period. Also hampering performance were the Trust's overweight in AMBAC and MBIA and neutral position in FGIC, which underperformed amid continued downgrades of the monoline insurers. The Trust ended the period with cash and short-term investment reserves of 8% of net assets, which detracted mildly from performance as yields on cash equivalent securities remain at historic lows. Notably, due to the repeal of the Florida intangible personal property tax, the Trust is transitioning from its status as a state-specific Florida fund to a national portfolio with broader investment parameters. At times, we sold into strong demand for Florida issues, which raised the Trust's cash reserves above 5%. Going forward, we anticipate reducing cash reserves to be fully invested in the long end of the municipal yield curve.

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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, 2009 (\$13.01) ¹	6.04%
Tax Equivalent Yield ²	9.29%
Current Monthly Distribution per Common Share ³	\$0.0655
Current Annualized Distribution per Common Share ³	\$0.7860
Leverage as of August 31, 2009 ⁴	37%

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 A change in the distribution rate was declared on September 1, 2009. The Monthly Distribution per Common Share was increased to \$0.0685. 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 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:

	8/31/09	8/31/08	Change	High	Low
Market Price	\$13.01	\$12.42	4.75%	\$13.19	\$ 6.70
Net Asset Value	\$14.06	\$14.23	(1.19)%	\$14.37	\$ 10.77

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

Sector Allocations

	8/31/09	8/31/08
County/City/Special District/School District	46%	56%
Utilities	27	16
Health	10	10
State	9	8
Transportation	7	2
Education	1	8

Credit Quality Allocations⁵

	8/31/09	8/31/08
AAA/Aaa	44%	41%
AA/Aa	29	48
A	20	2
Not Rated ⁶	7	9

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, 2009 and 2008, the market value of these securities was \$7,552,594 representing 4% and \$7,387,462 representing 4%, respectively, of the Trust's long-term investments.

Trust Summary as of August 31, 2009

BlackRock Municipal Bond Trust

Investment Objective

BlackRock Municipal Bond Trust (BBK) (the Trust) seeks to provide current income exempt from regular federal income taxes. Under normal market conditions, the Trust will invest at least 80% of its managed assets in municipal bonds that are investment grade quality, or determined by the investment advisor to be of equivalent credit quality at time of purchase. The Trust may invest up to 20% of its total assets in municipal bonds that are rated, at the time of investment, Ba/BB or B by Moody's, S&P or Fitch or that are unrated but judged to be of comparable quality by BlackRock.

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

Performance

For the 12 months ended August 31, 2009, the Trust returned 7.48% based on market price and 2.52% based on NAV. For the same period, the closed-end Lipper General Municipal Debt Funds (Leveraged) category posted an average return of 5.73% on a market price basis and 1.06% on a NAV basis. All returns reflect reinvestment of dividends. During the period, the Trust moved from a discount to a premium to NAV, which accounts for the difference between performance based on price and performance based on NAV. The Trust's heavy concentrations in lower-rated and longer-dated securities propelled performance in recent months as the yield curve flattened and credit spreads tightened. Performance was supported throughout the period by an above-average dividend yield. On the other hand, the Trust suffered from poor positioning during the fourth quarter of 2008, including underweights in tax-backed and utility bonds, which were among the better performers. At the same time, prices of long-maturity bonds fell disproportionately compared to shorter-dated bonds. In addition, credit spreads, a common gauge of liquidity and risk tolerance, widened as investors sought to minimize risk exposure due to rapidly deteriorating credit fundamentals. The Trust exhibited greater sensitivity to both factors than many of its Lipper peers.

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Trust Information

Symbol on NYSE	BBK
Initial Offering Date	April 30, 2002
Yield on Closing Market Price as of August 31, 2009 (\$13.80) ¹	7.39%
Tax Equivalent Yield ²	11.37%
Current Monthly Distribution per Common Share ³	\$0.085
Current Annualized Distribution per Common Share ³	\$1.020
Leverage as of August 31, 2009 ⁴	39%

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 The distribution is not constant and is subject to change.

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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:

	8/31/09	8/31/08	Change	High	Low
Market Price	\$13.80	\$13.89	(0.65)%	\$14.00	\$ 6.97
Net Asset Value	\$13.23	\$13.96	(5.23)%	\$14.17	\$ 9.40

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

Sector Allocations

	8/31/09	8/31/08
Health	31%	26%
Housing	16	14
County/City/Special District/School District	13	13
State	10	6
Corporate	8	9
Utilities	7	11
Transportation	7	10
Education	5	8
Tobacco	3	3

Credit Quality Allocations⁵

	8/31/09	8/31/08
AAA/Aaa	25%	24%
AA/Aa	20	27
A	24	21
BBB/Baa	17	14
BB/Ba	1	4
B	4	2
CCC/Caa		1
Not Rated ⁶	9	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, 2009 and 2008, the market value of these securities was \$4,472,353 representing 2% and \$3,883,176 representing 2%,

respectively, of the Trust's long-term investments.

Trust Summary as of August 31, 2009

BlackRock Municipal Bond Investment Trust