

MORGAN STANLEY INSURED CALIFORNIA MUNICIPAL SEC

Form N-Q

September 27, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number: 811-07111

Morgan Stanley Insured California Municipal Securities
(Exact name of registrant as specified in charter)

522 Fifth Avenue, New York, New York 10036
(Address of principal executive offices) (Zip code)

Ronald E. Robison
522 Fifth Avenue, New York, New York 10036

(Name and address of agent for service)

Registrant's telephone number, including area code: 212-296-6990

Date of fiscal year end: October 31, 2007

Date of reporting period: July 31, 2007

ITEM 1. SCHEDULE OF INVESTMENTS.

The Trust's schedule of investments as of the close of the reporting period prepared pursuant to Rule 12-12 of Regulation S-X is as follows:

MORGAN STANLEY INSURED CALIFORNIA MUNICIPAL SECURITIES
PORTFOLIO OF INVESTMENTS JULY 31, 2007 (UNAUDITED)

PRINCIPAL
AMOUNT IN
THOUSANDS

COUPON
RATE

	TAX - EXEMPT MUNICIPAL BONDS (100.4%)	
	CALIFORNIA (98.3%)	
\$ 2,000	Anaheim Public Financing Authority, Distributor Electric	
	Ser 2007-A (MBIA Insd) ++.....	4.50%
1,000	Anaheim Public Financing Authority, Generation	
	Refg Ser 2002-B (FSA Insd).....	5.25
250	Bay Area Government Association, Pool 1994 Ser A (FSA Insd).....	6.00
2,000	California Department of Veterans Affairs, Home Purchase	
	2002 Ser A (AMBAC Insd).....	5.35
1,500	California Department of Water Resources, Central Valley	
	Ser Y (FGIC Insd).....	5.25

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2,000	California Infrastructure & Economic Development Bank, Bay Area Toll Bridges Seismic Retrofit First Lien Ser 2003 A (FGIC Insd) (ETM Insd).....	5.00
1,000	California State University, Ser 2005 A (AMBAC Insd).....	5.00
1,000	California, Refg Dtd 04/01/07 (MBIA Insd).....	4.25
505	California, Various Purposes Dtd 03/01/94 (FSA Insd).....	5.50
400	California, Veterans Ser BH (AMT Insd) (FSA Insd).....	5.40
1,000	Capistrano Unified School District, Community Facilities District #98-2 Ladera Ser 2005 (FGIC Insd).....	5.00
2,000	East Bay Municipal Utility District, Water Ser 2001 (MBIA Insd).....	5.00
1,000	Golden State Tobacco Securitization Corporation, Enhanced Asset Backed Ser 2005 A (FGIC Insd).....	5.00
1,280	Huntington Beach Union High School District, Ser 2004 (FSA Insd).....	5.00
1,110	Kern County Board of Education, Refg 2006 Ser A COPs (MBIA Insd).....	5.00
1,100	La Quinta Financing Authority, Local Agency 2004 Ser A (AMBAC Insd).....	5.25
1,000	Los Angeles County Metropolitan Transportation Authority Sales Tax Ser 2006 A (FSA Insd).....	4.50
1,000	Los Angeles Department of Water & Power, 2001 Ser A (FSA Insd).....	5.25
800	Los Angeles Municipal Improvement Corporation, Police Headquarters Ser 2006 - A (FGIC Insd).....	4.75
1,000	Los Angeles Wastewater Refg Ser 2003 B (FSA Insd).....	5.00
1,030	Los Angeles, Ser 2004 A (MBIA Insd).....	5.00
1,000	Metropolitan Water District of Southern California, 2003 Ser B-2 (FGIC Insd).....	5.00
2,000	Orange County Transportation Authority, Toll Road Express Lanes Refg Ser 2003 A (AMBAC Insd).....	5.00
1,000	Oxnard Financing Authority, Wastewater 2004 Ser A (FGIC Insd).....	5.00
1,000	Rancho Mirage Redevelopment Agency, Ser 2003 A (MBIA Insd).....	5.00
1,000	Sacramento County Sanitation District's Financing Authority, Ser 2006 (FGIC Insd).....	5.00
180	Sacramento Financing Authority, 1999 Solid Waste & Redevelopment (AMBAC Insd).....	5.75
1,510	Sacramento Financing Authority, 2005 Refg Solid Waste & Redevelopment (FGIC Insd).....	5.00
2,000	Sacramento Financing Authority, Water & Capital Improvement 2001 Ser A (AMBAC Insd)	5.00
1,000	San Diego County Water Authority, Ser 2004 A COPs (FSA Insd).....	5.00
1,000	San Francisco City & County, City Buildings Ser 2007 A COPs (FGIC Insd).....	4.50
340	San Francisco City & County, Laguna Honda Hospital RITES PA 1387 (FSA Insd)##.....	6.733
2,000	San Francisco Public Utilities Commission, Water Refg Ser A 2001 (FSA Insd).....	5.00
1,000	San Jose, Airport Ser 2001 A (FGIC Insd).....	5.00
1,000	Simi Valley Public Financing Authority, Ser 2004 COPs (AMBAC Insd).....	5.00
1,000	Southern California Public Power Authority, Transmission Refg Ser 2002 A (FSA Insd).....	5.25

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1,000	University of California Regents Ser 2007 A (MBIA Insd).....	4.50
	University of California,	
1,000	University of California, Limited Projects Ser 2005 B (FSA Insd).....	5.00
1,040	University of California, Ser 2007-J (FSA Insd) ++.....	4.50
960	University of California, Ser 2007-J (FSA Insd) ++.....	4.50
1,000	Upland School District, Election 2000 Ser 2001 B	
	(FSA Insd).....	5.125
675	Val Verde Unified School District, School Construction COPs	
	Ser 2005 B (FGIC).....	5.00
1,375	Washington Unified School District, Election 2004	
	Ser A (FGIC Insd).....	5.00
1,000	Yucaipa Valley Water District, Ser 2004 A COPs	
	(MBIA Insd).....	5.25
	PUERTO RICO (2.1%)	
1,000	Puerto Rico Infrastructure Financing Authority, 2000 Ser A	
	(ETM Insd).....	5.50
	TOTAL TAX - EXEMPT MUNICIPAL BONDS	
	(Cost \$50,344,419).....	
	SHORT-TERM INVESTMENTS (4.2%)	
1,000	California Department of Water, Ser B SubSer B-2.....	3.67*
1,200	California Infrastructure & Economic Development Bank,	
	Ser 2005 A (FGIC Insd).....	3.60*
	TOTAL SHORT-TERM INVESTMENTS	
	(Cost \$2,200,000).....	
52,255	TOTAL INVESTMENTS	
-----	(Cost \$52,544,419).....	
(3,000)	FLOATING RATE NOTE OBLIGATIONS RELATED TO SECURITIES HELD (-5.8%)	
	Notes with interest rates ranging from 3.61% to 3.62% at July 31, 2007	
	and contractual maturities of collateral ranging from 05/15/31 to	
	10/01/37 +++(Cost \$(3,000,000)).....	
\$ 49,255	TOTAL NET INVESTMENTS	
=====		
	(Cost \$49,544,419) (a) (b) (c).....	98.8%
	OTHER ASSETS IN EXCESS OF LIABILITIES.....	1.2

	NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS.....	100.0%
		=====

 ## Current coupon rate for inverse floating rate municipal obligation. This rate resets periodically as the auction rate on the related security changes. Position in an inverse floating rate municipal obligation has a value of \$384,207 which represents 0.7% of net assets applicable to common shareholders.

+ Prerefunded to call date shown.

++ Underlying security related to inverse floaters entered into by the Trust.

+++ Floating rate note obligation related to securities held. The interest

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rate shown reflects the rate in effect July 31, 2007.

- * Current coupon of variable rate demand obligation.
- # A portion of this security has been physically segregated in connection with open futures contracts in the amount of \$20,500.
- (a) Securities have been designated as collateral in an amount equal to \$2,168,060 in connection with open futures contracts and an open swap contract.
- (b) The aggregate cost for federal income tax purposes is \$49,533,864. The aggregate gross unrealized appreciation is \$1,614,671 and the aggregate gross unrealized depreciation is \$353,053, resulting in net unrealized appreciation of \$1,261,618.
- (c) Floating Rate Note Obligations Related to Securities Held - The Trust enters into transactions in which it transfers to Dealer Trusts ("Dealer Trusts"), fixed rate bonds in exchange for cash and residual interests in the Dealer Trusts' assets and cash flows, which are in the form of inverse floating rate investments. The Dealer Trusts fund the purchases of the fixed rate bonds by issuing floating rate notes to third parties and allowing the Trust to retain residual interest in the bonds. The Trust enters into shortfall agreements with the Dealer Trusts which commit the Trust to pay the Dealer Trusts, in certain circumstances, the difference between the liquidation value of the fixed rate bonds held by the Dealer Trusts and the liquidation value of the floating rate notes held by third parties, as well as any shortfalls in interest cash flows. The residual interests held by the Trust (inverse floating rate investments) include the right of the Fund (1) to cause the holders of the floating rate notes to tender their notes at par at the next interest rate reset date, and (2) to transfer the municipal bond from the Dealer Trusts to the Trust, thereby collapsing the Dealer Trusts. The Trust accounts for the transfer of bonds to the Dealer Trusts as secured borrowings, with the securities transferred remaining in the Trust's investment assets, and the related floating rate notes reflected as Trust liabilities. The notes issued by the Dealer Trusts have interest rates that reset weekly and the floating rate note holders have the option to tender their notes to the Dealer Trusts for redemption at par at each reset date. At July 31, 2007, Trust investments with a value of \$3,859,550 are held by the Dealer Trusts and serve as collateral for the \$3,000,000 in floating rate note obligations outstanding at that date. Contractual maturities of the floating rate note obligations and interest rates in effect at July 31, 2007 are presented in the "Portfolio of Investments".

Bond Insurance:

AMT	Alternative Minimum Tax.
COPs	Certificates of Participation.
ETM	Escrowed to Maturity.
UTES	Residual Interest Tax - Exempt Securities (Illiquid securities).
AMBAC	AMBAC Indemnity Corporation.
FGIC	Financial Guaranty Insurance Company.
FSA	Financial Security Assurance Inc.
MBIA	Municipal Bond Investors Assurance Corporation.

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FUTURES CONTRACTS OPEN AT JULY 31, 2007:

NUMBER OF CONTRACTS	LONG/SHORT	DESCRIPTION, DELIVERY MONTH AND YEAR	UNDERLYING FACE AMOUNT AT VALUE	UNREALIZED DEPRECIATION
-----	-----	-----	-----	-----
10	SHORT	U.S. Treasury Notes 10 Year September 2007	\$ (1,074,219)	\$ (3,543)
10	SHORT	U.S. Treasury Notes 20 Year September 2007	(1,100,625)	(965)
		Total Depreciation.....		\$ (4,508)
				=====

INTEREST RATE SWAP CONTRACTS OPEN AT JULY 31, 2007:

COUNTERPARTY	NOTIONAL AMOUNT (000)	PAYMENTS MADE BY TRUST	PAYMENTS RECEIVED BY TRUST	TERMINATION DATE	UNREA APPREC
-----	-----	-----	-----	-----	-----
J P Morgan Chase & Co.	\$ 2,000	Fixed Rate 3.79%	Floating Rate 3.85%	08/24/17	\$
					=====

ITEM 2. CONTROLS AND PROCEDURES.

(a) The Trust's principal executive officer and principal financial officer have concluded that the Trust's disclosure controls and procedures are sufficient to ensure that information required to be disclosed by the Trust's in this Form N-Q was recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, based upon such officers' evaluation of these controls and procedures as of a date within 90 days of the filing date of the report.

(b) There were no changes in the Trust's internal control over financial reporting that occurred during the registrant's fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Trust's internal control over financial reporting.

ITEM 3. EXHIBITS.

(a) A separate certification for each principal executive officer and principal financial officer of the registrant are attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

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Morgan Stanley Insured California Municipal Securities

/s/ Ronald E. Robison
Ronald E. Robison
Principal Executive Officer
September 20, 2007

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Ronald E. Robison
Ronald E. Robison
Principal Executive Officer
September 20, 2007

/s/ Francis Smith
Francis Smith
Principal Financial Officer
September 20, 2007