

## Abstract

According to Third Medium Term Report, Health insurance coverage in Kenya is generally low 19%. The general objective of the study was to analyze the relationship between capital adequacy and insurance penetration in Kenya. The study is based on Efficient Structure Theory. The study was based on positivists' research philosophy. This study adopted longitudinal research design and targeted all the 26 registered life insurance firms in Kenya, which were operational from 2011 to 2022 and had filed their audited financial statements with the insurance regulatory authority for the period (IRA, 2020). There were only 18 Life Insurance Firms that met the criteria for the study where such have been operated since the year 2011 which is the period of the study. The study therefore purposively took the 18 companies as the sample size suitable to attain the set objectives. Primary data was collected using a questionnaire while secondary data was collected using a secondary data collection schedule. Data was analyzed using panel data regression based on Hausman Test which was used to choose between fixed and random model. The study established that capital adequacy had a significant relationship with insurance penetration. The study concluded that policies and initiatives aimed at promoting insurance penetration in Kenya should consider not only the characteristics of individual consumers but also the characteristics of firms, particularly their state of capital adequacy.