Results in Table 1 shows that size of the firm determines its ability to resolve information asymmetries with lenders, lower variance of earnings makes a firm able to tolerate high debt and There is less susceptibility to bankruptcy in more diversified firms were less determinants of capital structure decisions in insurance companies in Nakuru Town as indicated by a mean of 3.97, 3.89 and 3.77 with a standard deviation of 0.77, 0.83 and 0.73 respectively. The results also show that size of firm affects the capacity for expansion of projects, new product lines, acquisitions of other firms and maintenance, and replacement of existing assets, lenders to larger firms are more likely to get repaid than lenders to smaller firms and auditors identification of changes that may influence capital structure decisions in their company affected capital structure decisions in insurance companies in Nakuru Town to a great extent as indicted by a mean of 3.57, 3.43 and 3.21 with a standard deviation of 0.67, 0.41 and 0.23 respectively. This suggests that the size of the firm affected the capital structure decisions in insurance companies in Nakuru Town. However, these findings are not in agreement with Berryman (1982) who found strong negative correlation between the firm size and the probability of insolvency. Hall (1995) also found out a negative relation between size of firm and its leverage pointing out that there was more transparency about large firms which reduced the undervaluation of new equity issue and encouraged the firms to finance through their equity. According to Andzie and Amed (2012) firm size influenced capital structure of listed firms positively.

4.2 Profitability as a Determinant of Capital Structure Decisions in Insurance Companies

The study examined the extent to which profitability determined the capital structure decisions in insurance companies in Nakuru Town. This was done by analyzing the responses from the respondents on the extent to which different indicators of profitability determined capital structure decisions in insurance companies in Nakuru Town as shown in Table 2.

Table 2: Profitability and Capital Structure Decisions

Statement	SD	D	N	A	SA	N	Mean	SDev
Amount of revenue gained from insurance companies exceeds the expenditure costs and taxes	4	4	7	6	24	**45**	3.93	0.69
The profit gained usually goes to the owners of the business	8	3	13	11	10	**45**	3.26	0.11
The firm maintains lower debt ratio as more funds are generated from internal sources	4	2	10	7	22	**45**	3.87	0.59
Both long-term and short-term debt ratios affect profitability in our firm	14	10	2	6	12	**45**	2.91	0.09
Profitability increases with control variables such as size and sales growth	2	9	11	20	13	**45**	3.91	0.78
Capital structure decisions and profitability are positively related to leverage	4	8	7	9	17	**45**	3.89	0.64

From the findings, high level of agreement were reported in respect to whether the amount of revenue gained from insurance companies exceeded the expenditure costs and taxes, profitability increased with control variables such as size and sales growth, capital structure decisions and profitability were positively related to leverage and the firm maintained lower debt ratio as more funds were generated from internal sources in insurance companies in Nakuru Town as indicated by a mean of 3.91, 3.93, 3.89, and 3.87 with standard deviation of 0.78, , 0.69, 0.64 and 0.59 respectively. Slightly lower response rates were reported in respect to whether the profit gained usually went to the owners of the business and whether both long-term and short-term debt ratios affected profitability in the firm as indicated by a mean of 3.26 and 2.91 with standard deviation of 0.11and 0.09 respectively. The findings of these studies are also quite similar to those of previous studies. However, in some studies profitability has been found to be negatively related to leverage (Eriotis, 2007). Abor (2007) also reported that profitability was significant in SMEs. Abor (2008) also found out that both long-term and short-term debt ratios were negatively correlated with profitability. Mohammad and Jaafer (2012) reported that profitability increased with control variables such as size and sales growth.

4.3 Regression Analysis for Size of the Firm (SF)

Multiple regression analysis was done on the independent variable, size of the firm (SF), as a predictor on capital structure decisions. Results for the Analysis of Variance are presented in Table 3.

Table 3: ANOVA for Size of the Firm

ANOVA[a]					
Model1	Sum of Squares	df	Mean Square	F	Sig.
Regression	6.190	3	.884	1.686	.011[b]
Residual	70.289	42	.505		
Total	76.479	45			

[a]. Dependent Variable: Capital Structure Decisions
[b]. Predictors: (Constant), Size of the Firm (SF)

ANOVA results in Table 3 indicates that the regression model predicts the outcome variable with an F statistic of 1.686 supported by a probability value of 0.011.This is less than the conventional probability of 0.05, and indicates that, overall, the model applied statistically predicted the outcome variable. The model summary is presented in Table 4.

Table 4: Model Summary for Size of the Firm (SF)

Model Summary				
Model1	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.284	.081	.033	.0724

a. Predictors: (Constant), Size of the Firm (SF)
b. Dependent Variable: Capital Structure Decisions

The model summary in Table 4 provides the R and R^2 values. The R^2 value of 0.081 supported by a probability value of 0.0724 indicates how much of the variations in dependent variable, "Capital Structure Decisions", was explained by the independent variable, "Size of the Firm (SF)". In this case, 8.1% was explained by size of the firm while the remaining 91.9% was explained by the other variables of the study. The R^2 in linear regression also tells how the regression line fits the data.

4.4 Regression Analysis for Profitability

A multiple regression analysis was done to establish the extent to which profitability was a predictor of capital structure decisions of quoted insurance companies in Nakuru Town. Analysis of variance was done on profitability as predictor of capital structure decisions. The results are presented in Table 5.

Table 5: ANOVA for Profitability

ANOVA[a]					
Model 1	Sum of Squares	df	Mean Square	F	Sig.
Regression	7.506	3	1.075	2.089	.049[b]
Residual	68.953	42	0.515		
Total	76.479	45			
a. Dependent Variable: Capital Structure Decisions					
b. Predictors: (Constant), Profitability					

ANOVA results in Table 5 indicate that the regression model predicts the outcome variable with an F statistic of 2.089 supported by a probability value of 0.049.This is less than the conventional probability of 0.05 and indicated that in overall the model applied statistically predicted the outcome variable. The model summary is presented in the Table 6.

Table 6: The Model Summary of Profitability (P)

Model Summary[b]				
Model1	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.314[a]	0.098	0.051	0.717
a. Pr **a. Predictor: (Constant), Profitability**				
b. Dependent Variable: Capital Structure Decisions				

The model summary in Table 6 above provides the R and R^2 values. The R^2 value of 0.098 indicated how much of the variations in capital structure decisions of quoted insurance companies could be explained by the independent variables, Profitability. In this case, 9.8% was explained by Profitability while the remaining 90.2% was explained by the other variables of the study. The R^2 in linear regression also tells how the regression line fits the data.

4.5 Correlation Analysis

Pearson' correlation analysis was applied to test the strength of the relationship between the determinants of capital structure decisions in insurance companies in Nakuru Town. The dimensions of the determinants of capital Structure Decisions (CSD) were Size of the Firm (SF) and Profitability (P). The relationship was established through Pearson correlation analysis as presented in Table 7.

Table 7: Pearson's Correlation Analysis Results

		FS Total Score	P Total Score	CSD Total Score
FS Total Score	Pearson Correlation	1	0.491*	0.494*
	Sig. (2 tailed)		.000	.000
	N	45	45	45
P Total Score	Pearson Correlation	0.491*	1	0.591*
	Sig. (2 tailed)	.000		.000
	N	45	45	45
CSD. Total Score	Pearson Correlation	0.494*	0.591*	1
	Sig. (2 tailed)	.000	.000	
	N	45	45	45

* σ= (Correlation is significant at 0.05 level (2-tailed)

The results show that there was a positive relationship between the size of the firm and capital structure decisions ($r = 0.494$, $p < 0.05$). This suggests that size of the firm relates positively with capital structure decisions in insurance companies in Nakuru town. The findings are similar to that of Maiteka (2010) who found that there existed a strong and positive relationship between size of the firm and capital structure decisions in financial institutions. The results also indicate that there was a positive relationship between profitability and capital structure decisions with, $r = 0.591$ and $p < 0.05$. This implies that profitability determined capital structure decisions in insurance companies in Nakuru town.

5. Conclusions and Recommendations

5.1 Conclusions

The purpose of the study was to establish the determinants of capital structure decisions in quoted insurance companies in Nakuru Town. Based on the analysis of the results it is concluded that profitability was the main determinant of capital structure decisions in insurance companies followed by size of the firm. The study also concludes that the size of the firm's ability to resolve information asymmetries with lenders and lower variance of earnings so as to make the firm able to tolerate high debt and that firms that diversified firms were the main attributes of the size of the firm that determined capital structure decisions in quoted insurance companies in Nakuru Town. It is also concluded that profitability determined the capital structure decisions of quoted insurance companies in Nakuru town as the amount of revenue gained from insurance companies exceeded the expenditure costs and taxes, profitability increased with control variables such as size and sales growth and capital structure decisions and profitability were positively related to leverage and the firm maintained lower debt ratio as more funds were generated from internal sources. It is also concluded that 8.1% of capital structure decision was explained by size of the firm and 9.8% by profitability. There was also moderate positive relationship between the

size of the firm (r =0.494, p< 0.05) and profitability (r = 0.691, p < 0.05) and capital structure decisions.

5.2 Recommendations

Based on the conclusion, the study recommends that capital structure decisions should be considered with regard to the size of the firm and profitability. It is also recommended that quoted insurance companies should expand their projects, new product lines, and acquisitions of other firms and maintenance. It is also recommended that quoted insurance companies should avail funds to implement their activities in order to meet its financial obligations. It is also recommended that that more profit gained from the quoted insurance companies should go to the owners of the businesses.

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