

## **Abstract**

Insurance firms typically rely on cash flow to fund investments through portfolio management. However, many companies struggle due to the absence of clearly defined portfolio risk, portfolio size and portfolio asset allocation. Consequently, such firms tend to draw more cash from their operations to fund further investments that leads to insufficient cash reserves, putting firms at risk of financial instability and affecting their ability to meet operational and regulatory obligations. This paper evaluates the influence of portfolio management approaches on cash flow of quoted insurance companies in Kenya. The study employed correlational research design on a target population of six quoted insurance firms at the Nairobi securities exchange. Census method of collecting secondary data from the period 2011-2020 through the document review method was used. Findings indicate that elements of portfolio management have both significant positive and negative effects on cash flow, and that in connection with the agency theory managers can conduct expropriation behaviors by misusing firm cash flows, which hampers effective portfolio management. The study recommends that listed insurance companies allocate resources to viable investment projects that enhance cash generation.