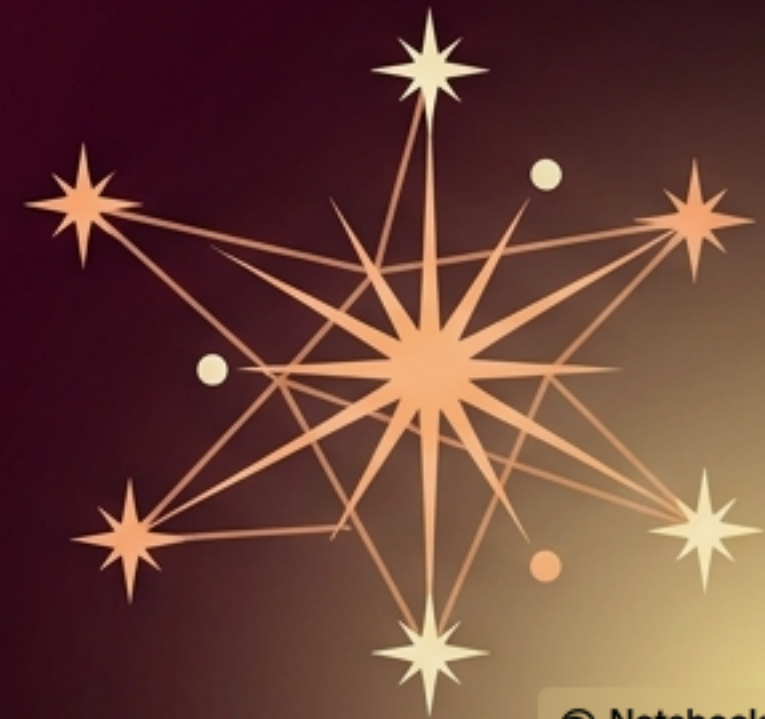


Insurance Ad Budget Setting Expectations That Work



The Expectation Trap

The most common way insurance agents lose money on ads is not bad creative. It is wrong expectations.

Funding a campaign for a few hundred dollars, seeing no closed policies in two weeks, and killing it.

Ads work perfectly fine. The timeline was wrong from day one.




The Orbital Arc

- Set a budget that gives the algorithm a real chance to produce.
- Understand what success looks like at each stage of the funnel.
- Know exactly when to scale, when to hold, and when to walk away.



Baseline Fuel

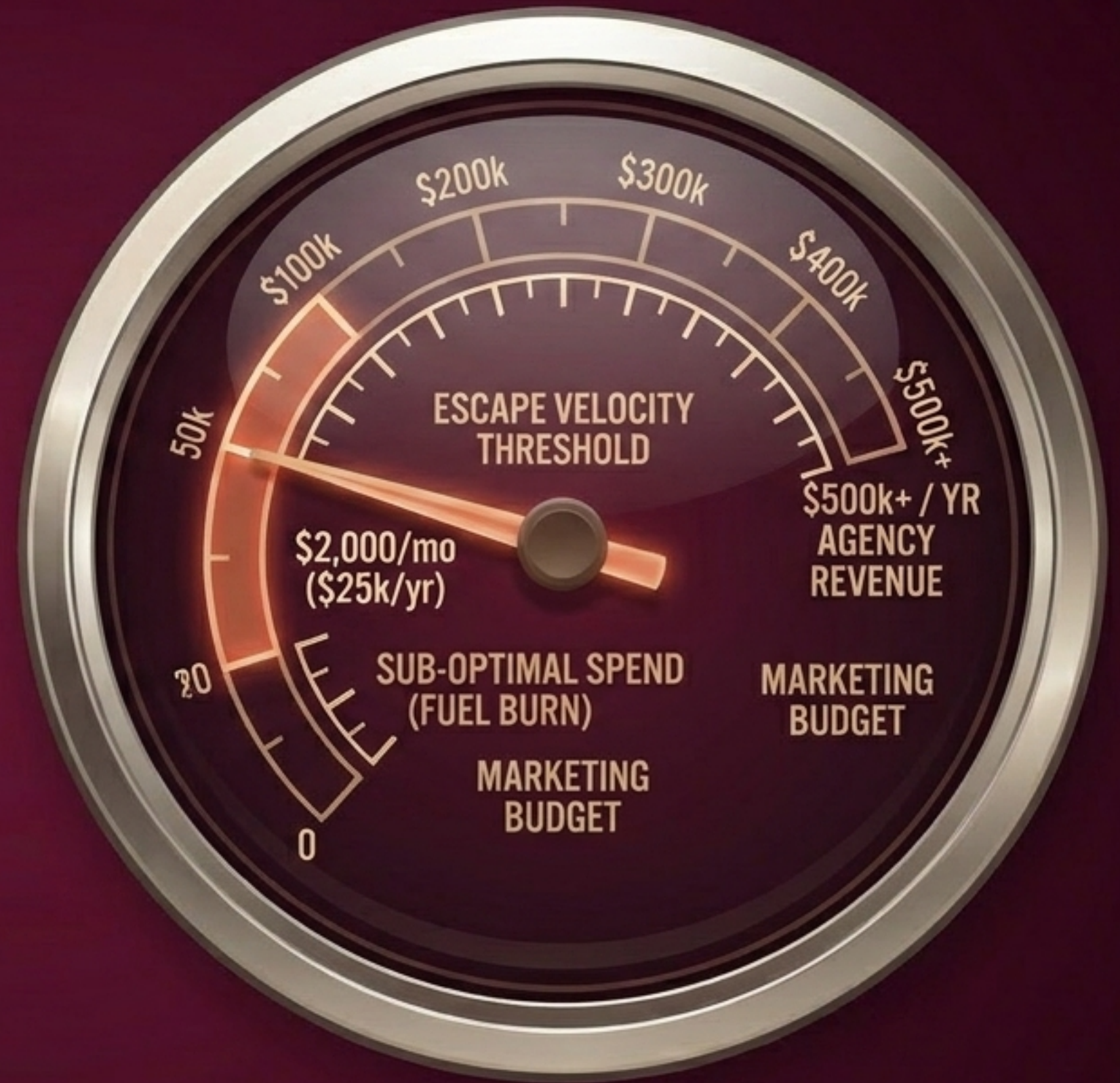
The foundational benchmark. Healthy marketing spend sits at 7 to 8 percent of revenue for businesses operating on standard margins. Growing agencies push higher; mature agencies hold lower.



7-8%

Escape Velocity

An agency doing \$500,000 a year needs a \$25,000 annual budget, roughly \$2,000 a month. This floor is non-negotiable. Below a certain spend level, campaigns cannot collect enough data for the algorithms to optimize. You burn fuel without reaching the threshold where the system works.



Navigating the Turbulence

Fear holds agents back from investing money without immediate, first-week results. But ads do not produce policies in week one. They produce data in week one. **Policies arrive in week three. Compounding returns arrive in months two and three as the algorithm learns your real buyers.**



Reading the Instruments

Stop judging campaigns by Cost Per Click or Cost Per Lead. They are diagnostic numbers, not profit indicators. The only metric that determines if you are making money is Cost Per Acquisition—the total spend to produce one closed policy.



The Telemetry Matrix

Target CPA

- Medicare Advantage: \$150 – \$400
- ACA Health: \$100 – \$300
- Final Expense: \$60 – \$180
- Term Life: \$80 – \$200

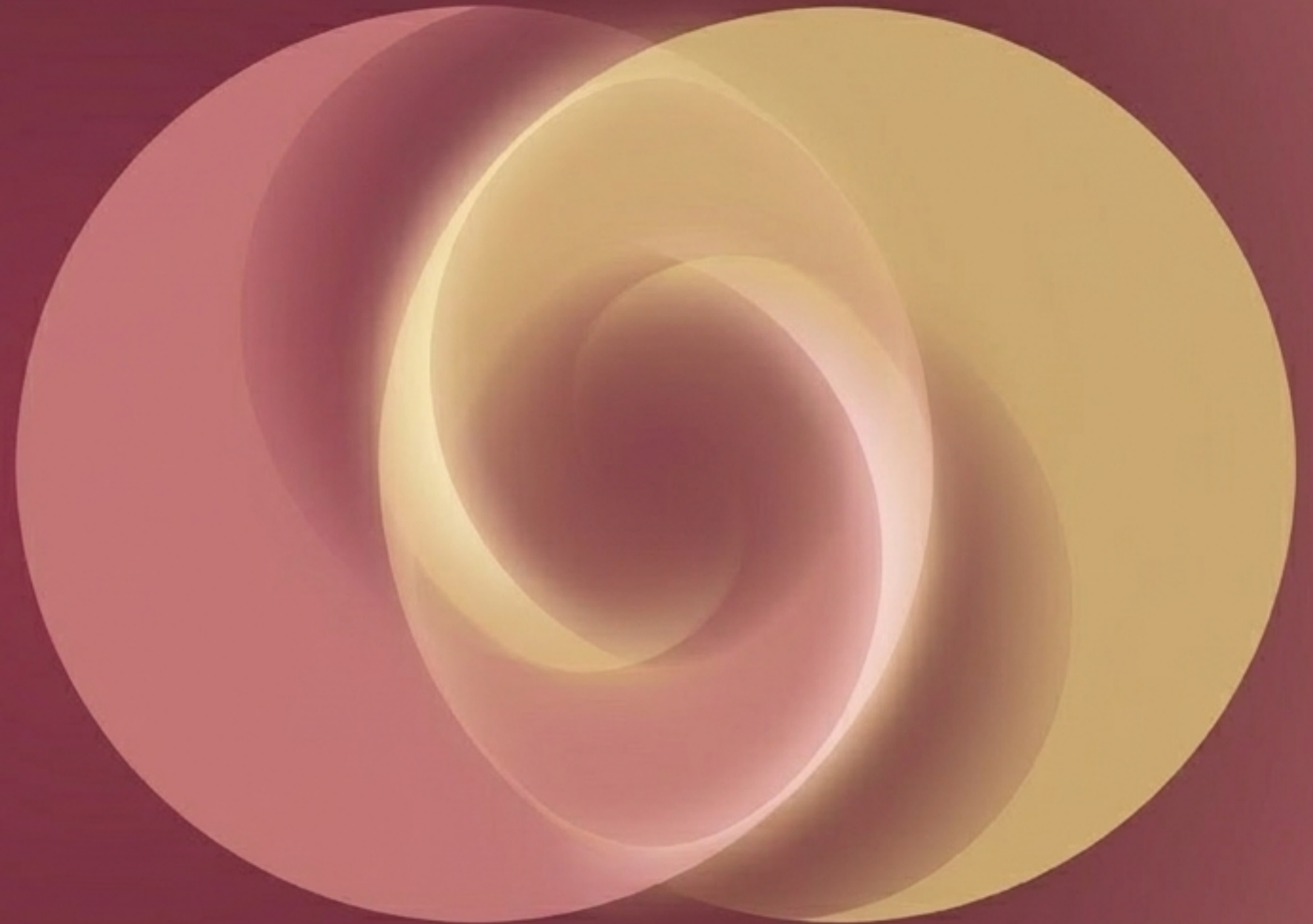
First-Year Commission

- Medicare Advantage: \$250 – \$600
- ACA Health: \$150 – \$400
- Final Expense: \$400 – \$1,200
- Term Life: \$300 – \$1,500+

The Physics of Profit

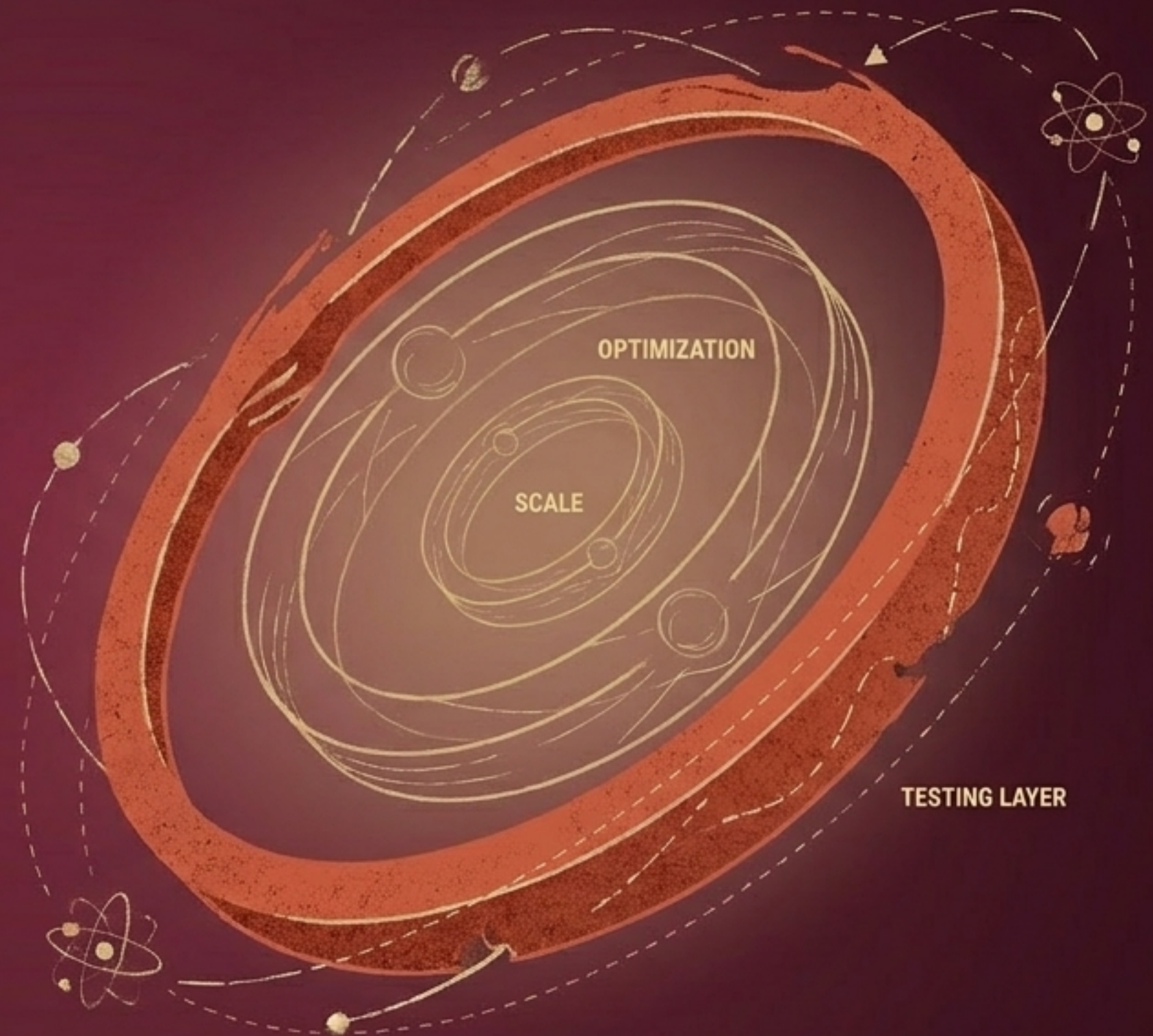
The math works. You can break even on the first-year sale, then earn pure profit on every renewal.

Medicare Advantage and ACA might take 12 to 24 months to fully break even on acquisition spend. Final Expense and Term Life often break even in month one.



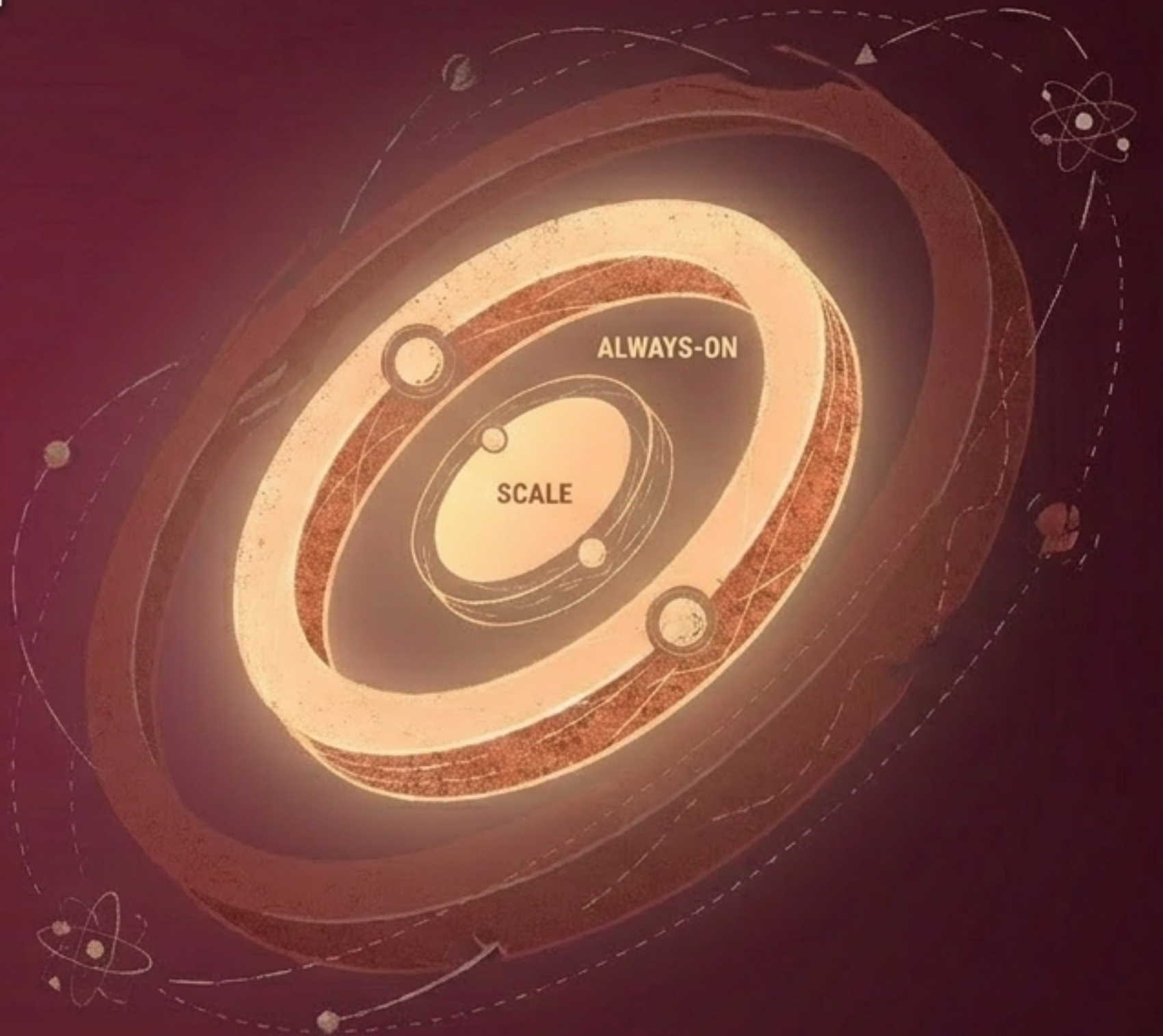
Stage One: Testing

\$500 to \$1,000 per month for every new campaign. The purpose is not to produce policies; the purpose is to collect data. You are learning which audiences and creative convert. Expect CPA to swing wildly. The first thirty days is tuition.



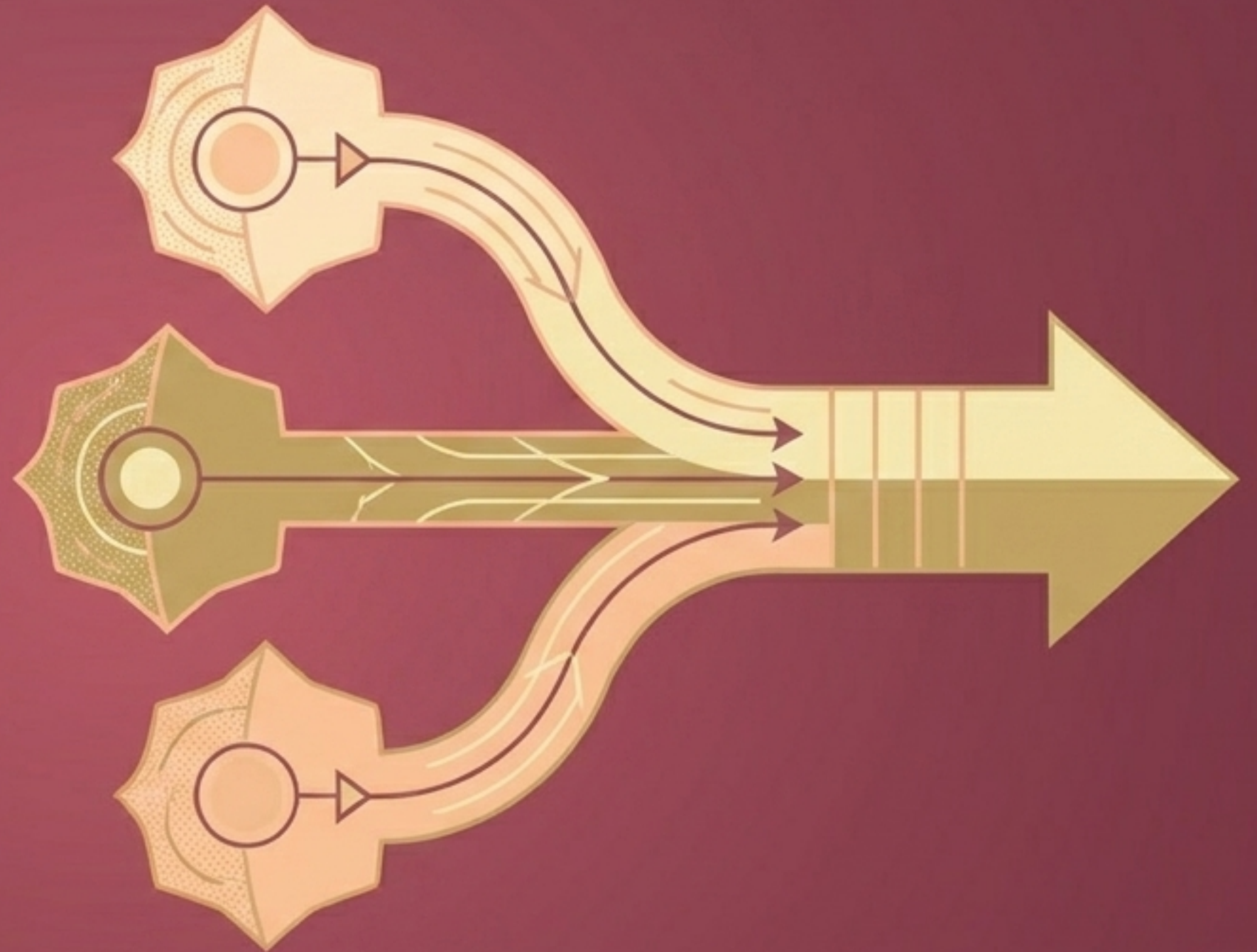
Main Engine Cut-Off

- Proven Scale: \$2k to \$10k per month. For stable campaigns with a known CPA. Purpose: produce closed business. Do not change it; feed it.
- Always-On: A couple hundred hundred per month. Low-CPA retargeting audiences trained on closed business. The permanent foundation of your pipeline.



The Total Payload

Total spend across all three layers hits your monthly budget. A growing agency runs 1–2 campaigns at Scale and 3–4 in Testing. A mature agency runs a dozen Always-On campaigns plus active testing. Think in terms of a campaign portfolio, not a single ad.



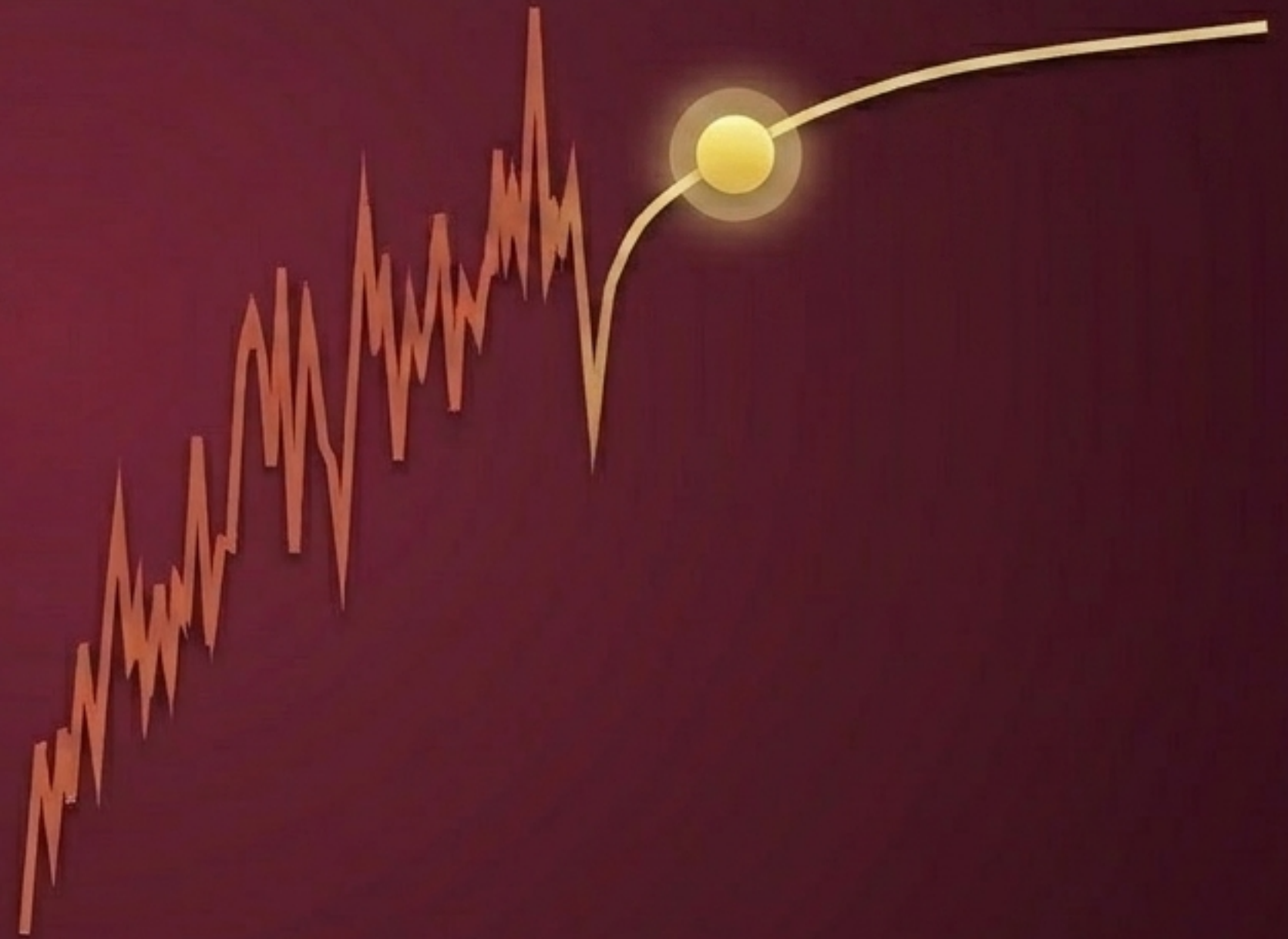
Reaching Orbit: Days 1 to 14

The Learning Phase. Algorithms need roughly fifty conversions to stabilize. Lead costs swing dramatically—\$6 one day, \$40 the next. This is normal. This is not a broken campaign. The system is collecting baseline data on who actually responds.



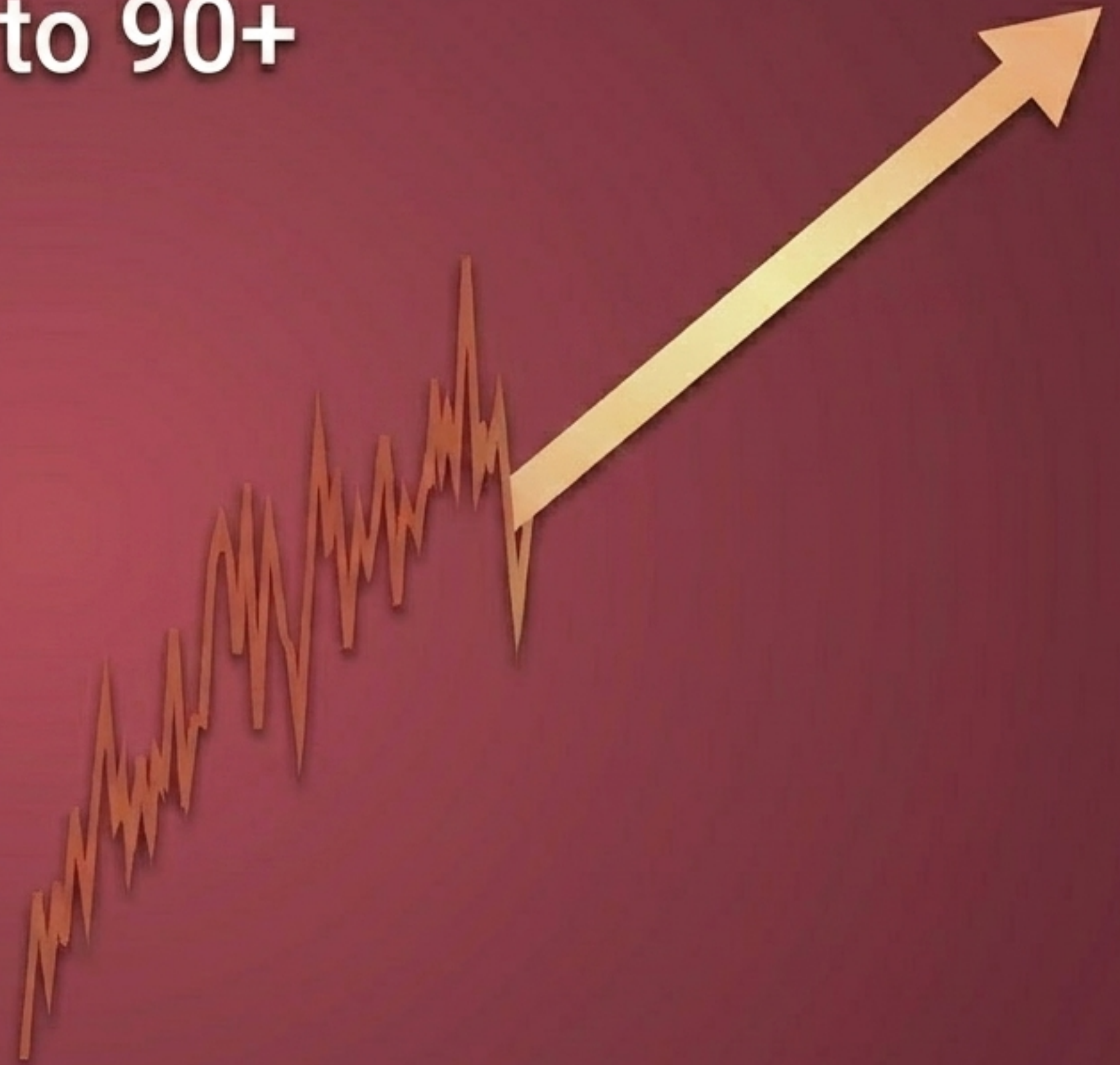
Days 15 to 45

The Optimization Phase. The algorithm has enough data to find your audience consistently. Cost per lead settles. Producers are working the leads, and the first round of closed business hits the books. Cost per acquisition becomes measurable, but remains noisy.



Stable Orbit: Days 45 to 90+

- Days 45–90: The Proof Phase. Calculate CPA with confidence. Campaigns that beat the benchmark scale. Matches hold. Misses are killed.
- Day 90+: The Scale Phase. The math is known. Spend efficiently against proven campaigns while testing new ones in parallel.



Flight Simulation: Month One

\$2,000 monthly Facebook budget. You generate 40 leads at \$50 per lead. You close 4 of them.

Your Cost Per Acquisition is \$500.

This is higher than the target benchmark.

You are tempted to quit.

You do not quit.

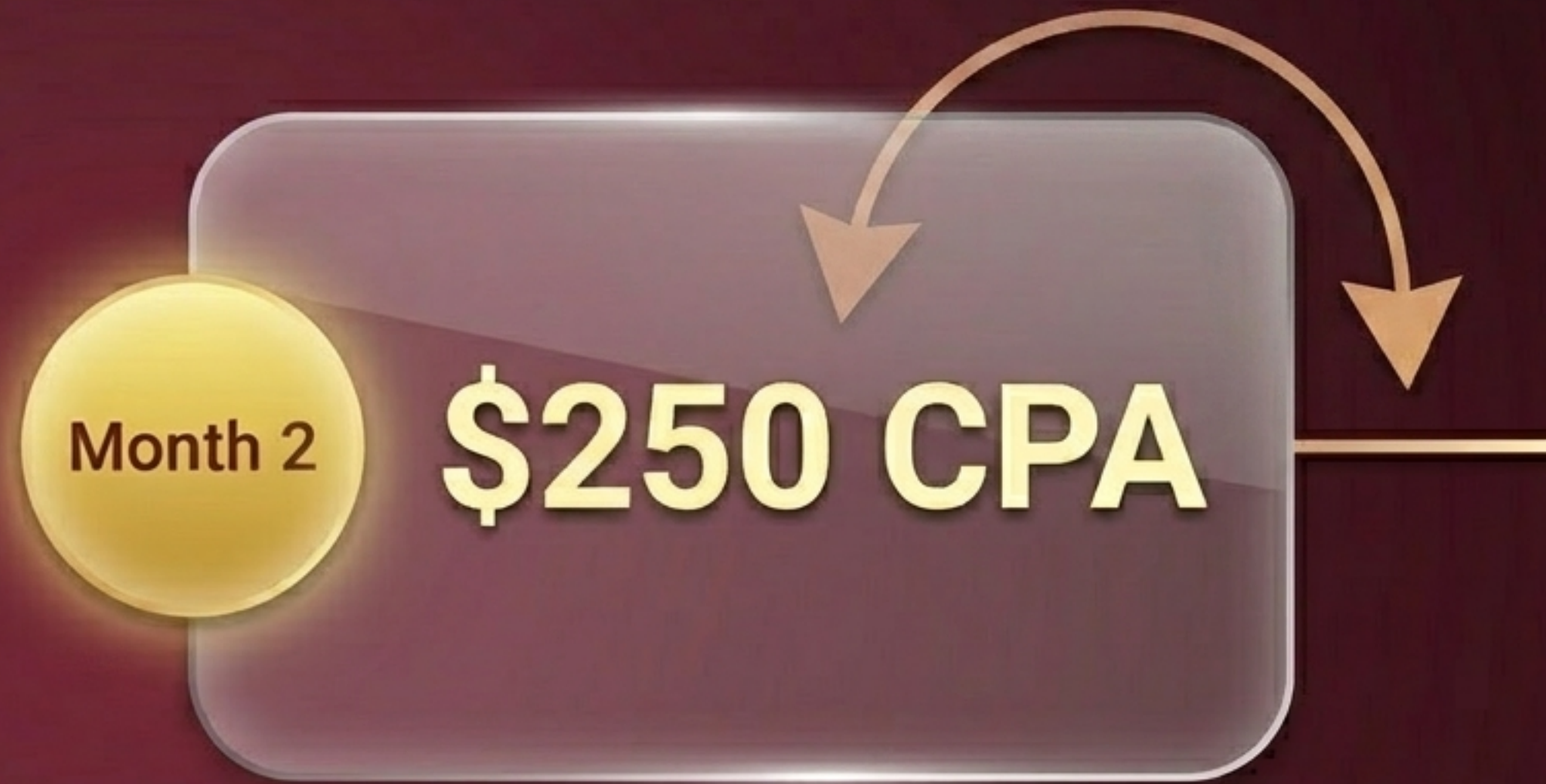
Month 1

\$500 CPA

Flight Simulation: Month Two

You feed the system. The algorithm dials in. Cost per lead drops to \$30. You generate 67 leads and close 8. CPA is now \$250—comfortably inside the benchmark.

Year-one commission on those 8 clients pays for the first two months of spend.



Flight Simulation: Month Three

You stop testing this campaign and scale the budget to **\$3,000**. Lead volume grows proportionally, cost per lead holds steady, and close rates hold steady.

You have just added a fourth producer's worth of conversations to your pipeline.



Mission Directives

- Mistake 1: Judging by clicks or leads. They lie. Only Cost Per Acquisition dictates profit.
- Mistake 2: Fiddling with the budget weekly. Every change resets the algorithm's learning phase. Set the plan, let it run, and adjust monthly.



The Scoreboard

Break your target ad budget into three distinct layers: Testing, Scale, and Always-On.



-  TESTING LAYER
-  SCALE LAYER
-  ALWAYS-ON LAYER
- LET THE MATH FINISH THE WORK

Before launching, write down the target CPA benchmark for your primary product line and tape it to your monitor. That is your scoreboard for the next 90 days.

Let the math finish the work.