



LegalShield®

# Consumer Stress Legal Index

March 2024

# About the LegalShield Consumer Stress Legal Index

- The LegalShield Consumer Stress Legal Index (CSLI) is a suite of leading indicators of the economic and financial status of U.S. households.
- The CSLI and subindices are constructed from LegalShield's proprietary data. Launched in 2018, the CSLI is based on a dataset of over 35 million consumer requests for legal assistance dating to 2002. The index examines findings from approximately 150,000 calls received monthly from U.S. consumers seeking legal help.
- This data is powerful, sourced directly from a large set of consumer actions, not survey results. Free from common survey challenges such as completion time and participants' availability, it offers clear insight into moments when consumers are compelled to seek legal help due to significant life impacts.
- Each request is logged as an "intake" in one of roughly 90 unique areas of law depending on the nature of the request. Each subindex reflects the number of intakes in an area of law as a share of total intakes across all areas of law in a given month.
- The CSLI is comprised of three subindices: Bankruptcies, Foreclosures, and Consumer Finance.
- The Consumer Stress Legal Index is a leading indicator of the Conference Board Consumer Confidence Index in the United States, with a correlation level of -0.85 with an approximate lead time of 60-90 days.



# Interpreting Each Component of the Index

## CONSUMER STRESS LEGAL INDEX

Consumer spending accounts for more than two-thirds of U.S. economic activity. The flagship Consumer Stress Legal Index tends to lead the Conference Board's Consumer Confidence Index by one to three months. The CSLI also provides a useful "hard" data check on the Consumer Confidence Index and similar measures of consumer confidence that are based on "soft" survey data, as these measures are not always consistent with underlying economic conditions.

## BANKRUPTCY INDEX

Bankruptcy data provide an important insight into the overall financial health of consumers and businesses. As witnessed during the Great Recession of 2008-09, an uptick in bankruptcies can foreshadow significant turmoil within the economy. The Bankruptcy Index tends to lead the trajectory of total bankruptcies by two quarters, with a .98 correlation, providing an early warning signal of an economic downturn.

## FORECLOSURE INDEX

A rise in foreclosures often signals a worsening of household finances, as households typically delay payments on other debt obligations in order to pay their mortgages on time. The Foreclosure Index closely tracks foreclosures as reported each quarter by the Mortgage Bankers Association.

## CONSUMER FINANCE INDEX

Consumer finance issues manifest in many forms including billing disputes, repossessions, credit challenges, and loan defaults. These varying items are an indication of financial stress that prompt consumers to seek legal guidance to resolve.

# Consumer Stress Legal Index

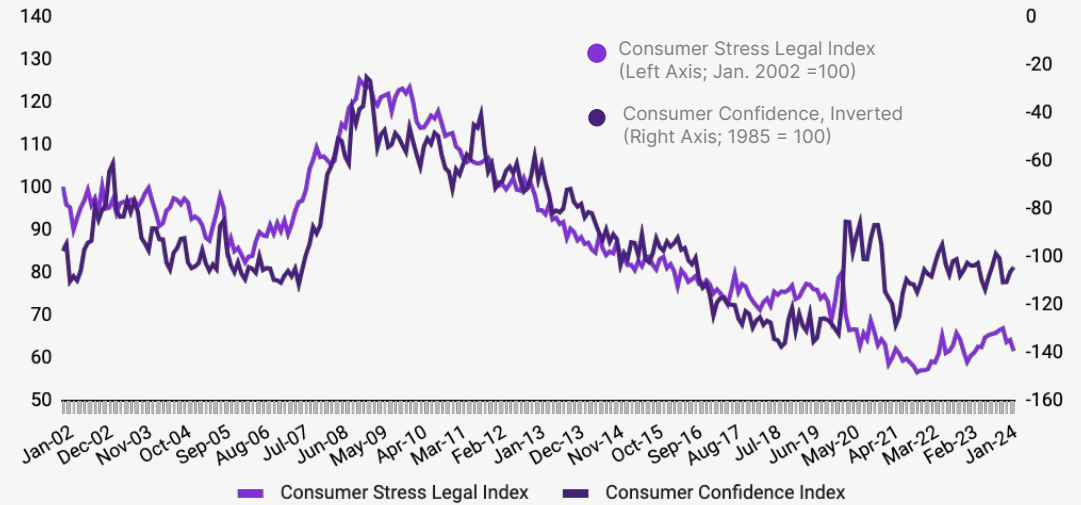
**Summary:** In March, the CSLI fell to its lowest level in 12 months, dropping 2.6 points from February to 61.4. That represents a 1.8% decline year over year.

**What It Means:** The decline in the CSLI in March continued a downward trend through the first quarter of 2024. All three sub-indices that make up the flagship index, Bankruptcy, Consumer Finance and Foreclosure, declined in March.

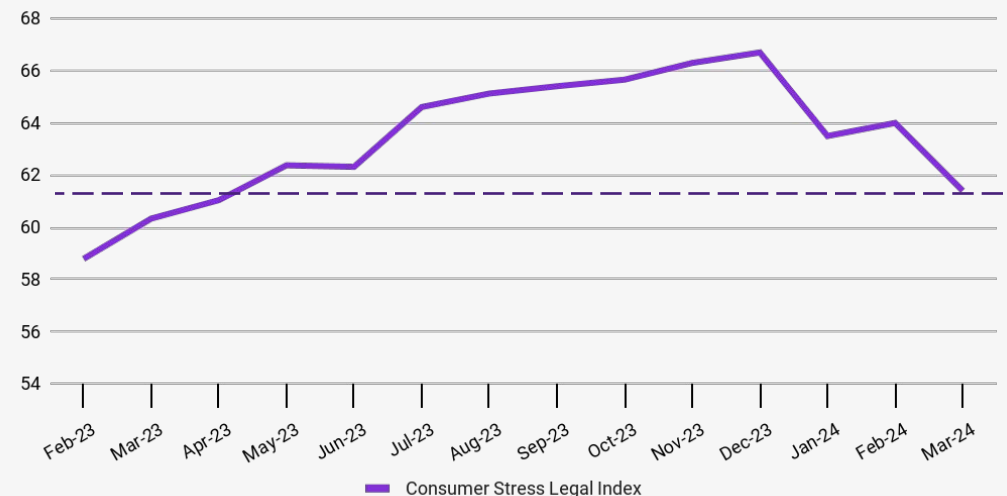
March's CSLI is in line with macroeconomic indicators trending in a positive direction. The latest jobs report shows the U.S. economy added 303,000 jobs in March, well outpacing economic forecasts. At the same time, unemployment remained relatively steady at 3.8%. However, the annual rate of inflation came in higher than economists expected in March with the consumer price index at 3.5%.

**Outlook:** With inflation outpacing expectation, economists do not expect interest rates to ease at the Federal Reserve meeting in June which could continue to put pressure on consumers' debt.

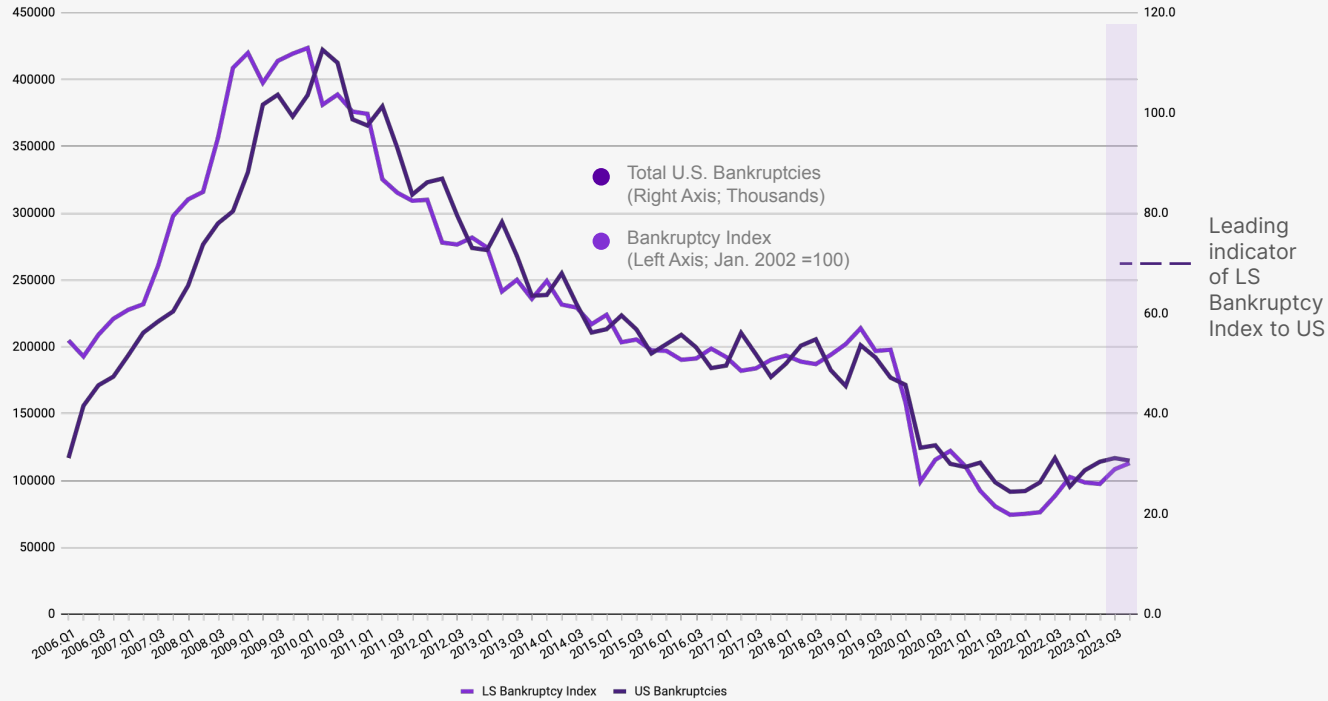
### Historical Trend Over Past 20+ Years



### LegalShield CSLI at Lowest Level in 12 Months



**LS Bankruptcy Index vs US Bankruptcies Since 2006**



# Bankruptcy Index

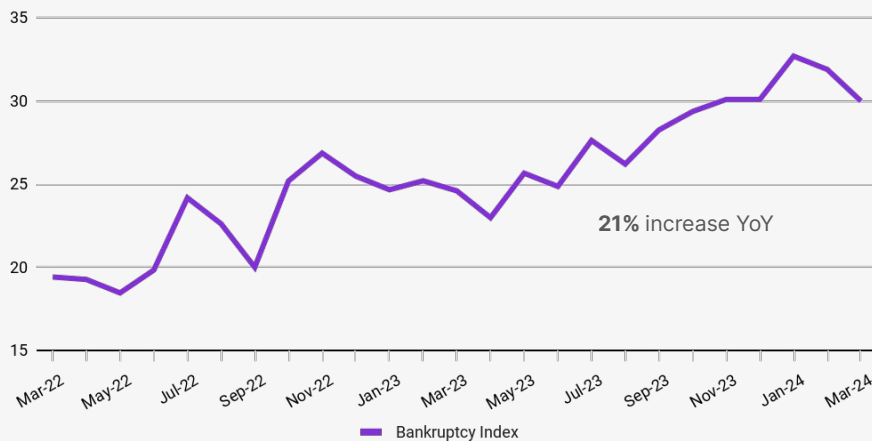
**Summary:** The Bankruptcy subindex reflects the number of intakes related to bankruptcy as a share of total intakes across all areas of law.

The Bankruptcy subindex declined **1.9** points in March to **30.0**. That marks an increase of **21.0%** year over year.

The Bankruptcy subindex historically leads the total number of bankruptcy filings as reported by the U.S. court system by two quarters, with a .98 correlation.

**Outlook:** Based upon the statistically significant leading properties of our index compared to actual filings, bankruptcies are expected to continue to rise through the first half of 2024.

**24-Month Bankruptcy Index**



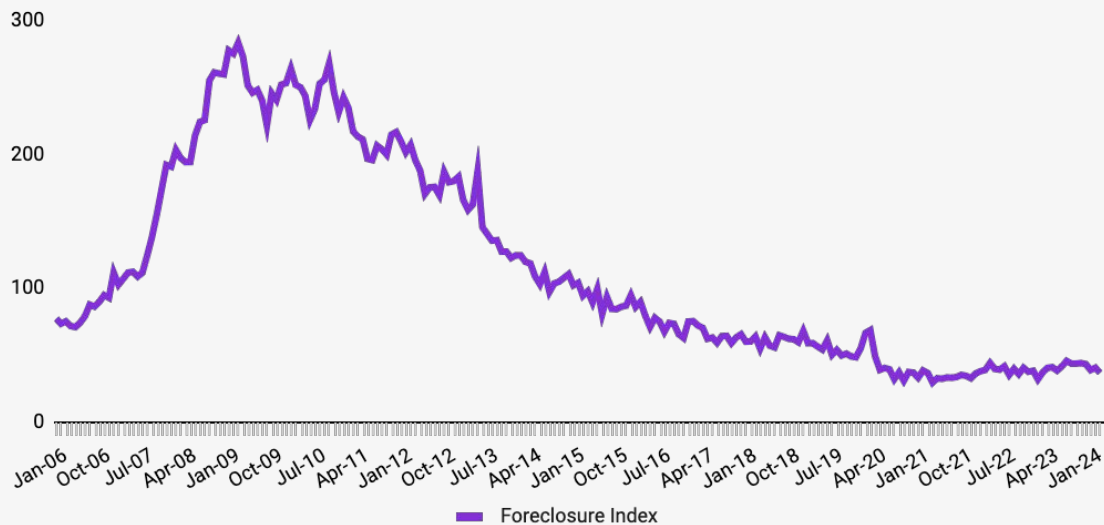
# Foreclosure Index

**Summary:** The Foreclosure subindex reflects the number of intakes related to foreclosure as a share of total intakes across all areas of law.

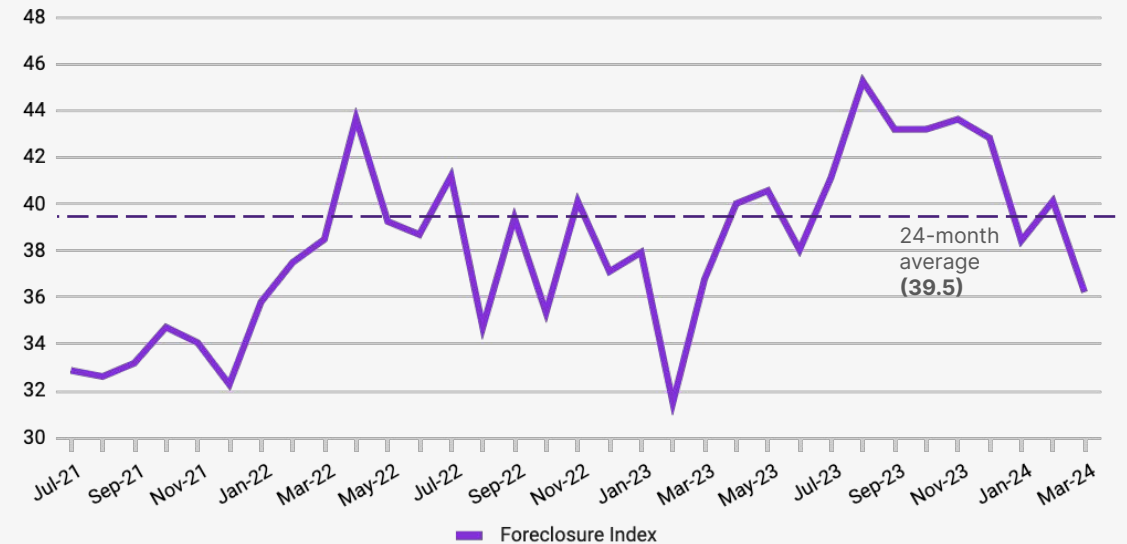
The Foreclosure subindex fell **3.9** points from February to **36.2**. That figure is down **1.4%** year over year and below the two-year average of 39.5.

**Outlook:** Beginning with the expiration of the federal foreclosure moratorium in July 2021, there has been a slow and steady increase in the Foreclosure Index as well as growing foreclosures reported across the United States. The index has held relatively steady near its 24-month average of 39.5. Our data suggests foreclosures will remain in that range in the near term.

### Historical Trends



### Movement Since Federal Foreclosure Moratorium Ended



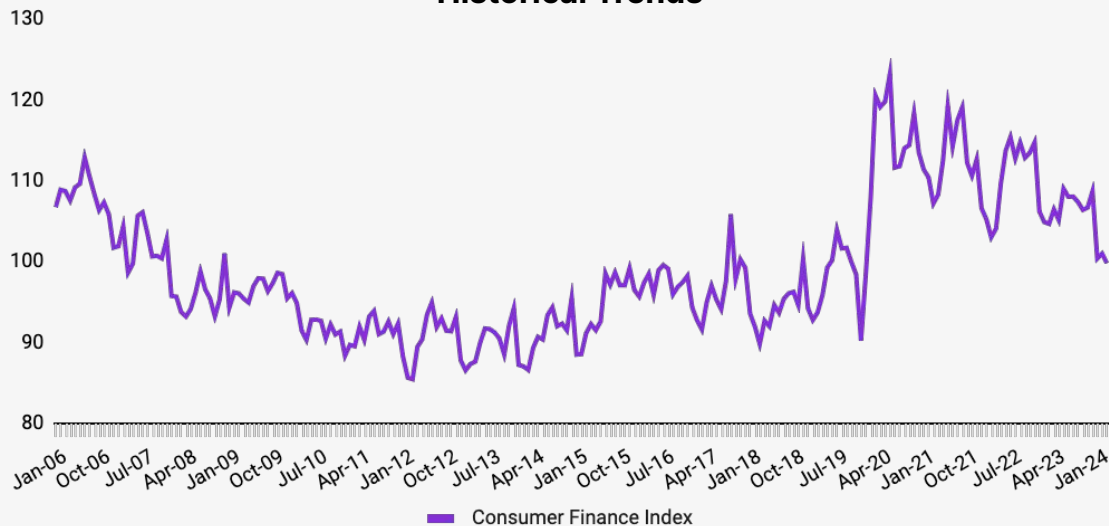
# Consumer Finance Index

**Summary:** The Consumer Finance subindex reflects the number of intakes related to consumer finance issues such as billing disputes, auto repossessions and payday loans, as a share of total intakes across all areas of law.

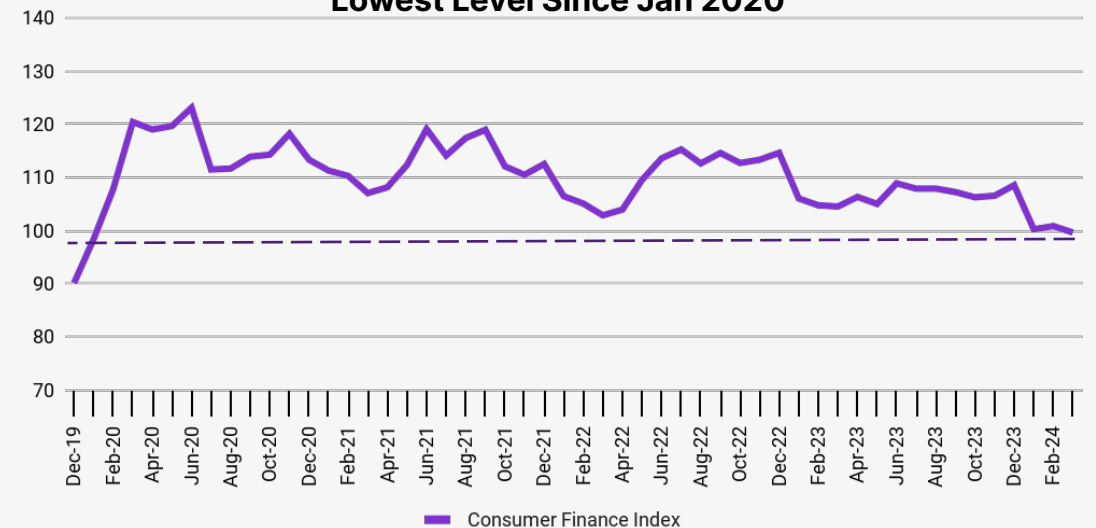
The Consumer Finance subindex edged down **1.2** points from February to **99.7**. That marks its lowest level since January 2020, just before the COVID-19 pandemic. The index is down **4.7%** year over year.

**Outlook:** The Consumer Finance Index has declined 8.2% since December 2023. This follows a pattern of first quarter stress relief in 7 out of the last 10 years. With interest rates expected to remain elevated and flat until at least later in 2024, the second quarter may see increased consumer stress as it has each of the last 10 years.

### Historical Trends



### Consumer Finance Index Lowest Level Since Jan 2020



# Electoral States - Consumer Stress Legal Index

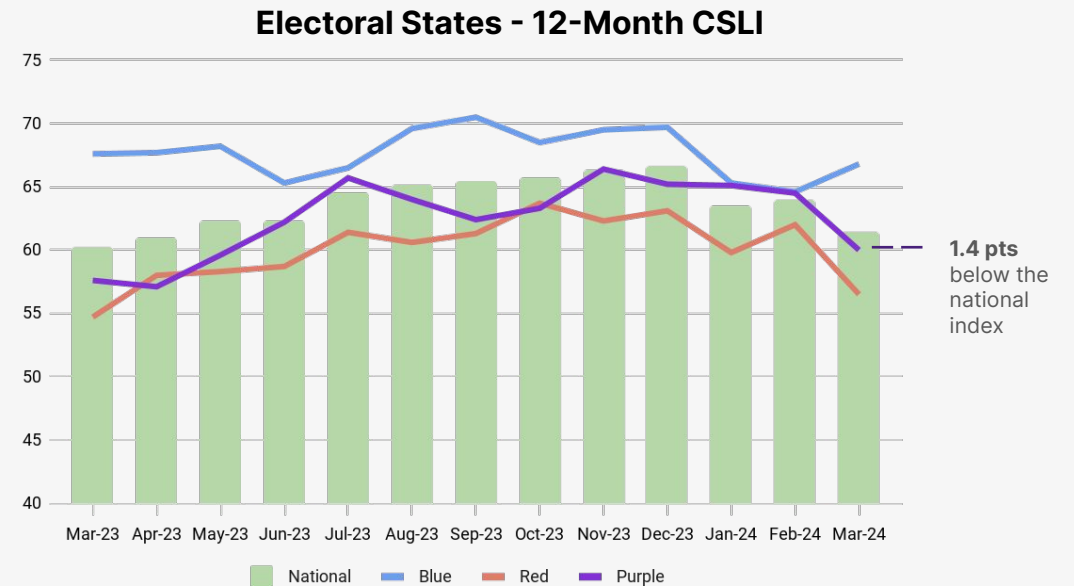
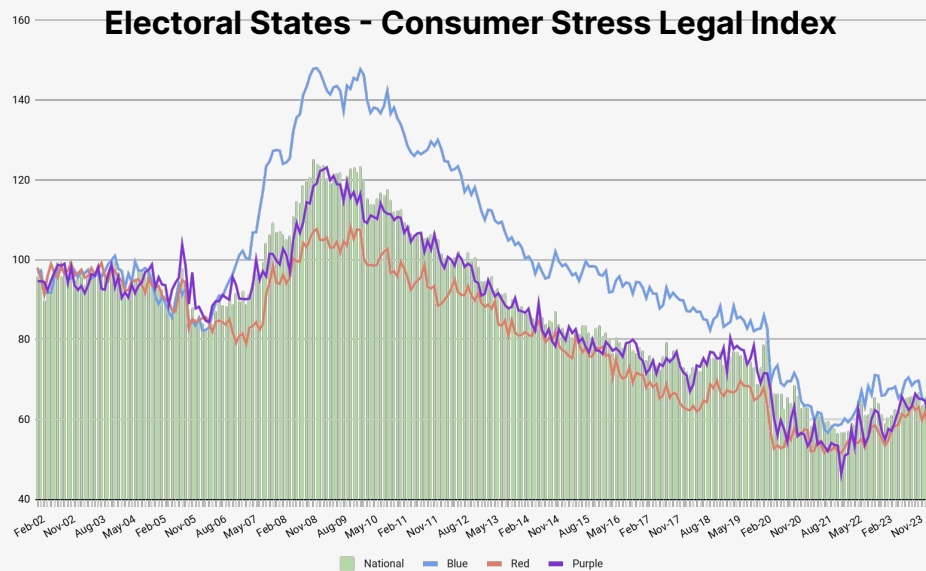
**Summary:** For the first time, LegalShield broke out consumer stress levels on a politically geographic basis, separating red, blue, and purple swing states. For the purposes of the current data view, LegalShield classified states based on the outcome of the 2020 election. Swing states in March's study are Arizona, Georgia, Michigan, Nevada, North Carolina, Pennsylvania and Wisconsin.

When swing state consumer stress dips below the national stress average in October and November, conditions favor a Democratic win.

When it rose above the national index, a Republican was elected.

The data reveals a noticeable jump in stress in blue states to 10 points (18%) higher than red states. The blue states have exhibited higher stress than red and swing states every month since October 2006. Stress in red and purple states fell in March.

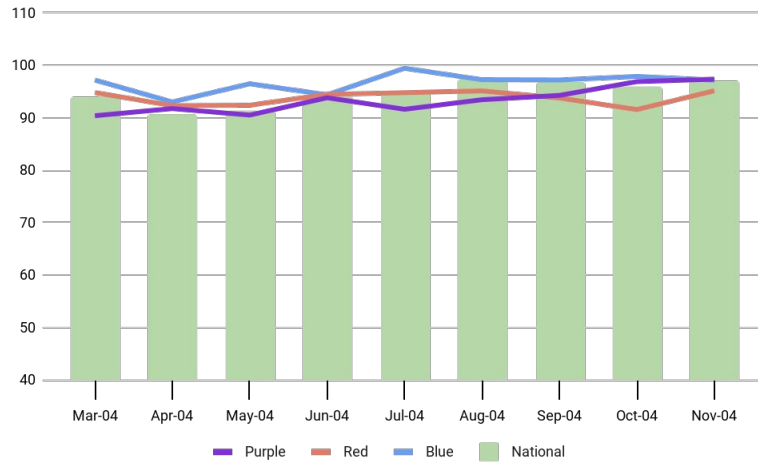
**Outlook:** The swing state stress is currently 1.4 points below the national stress index.



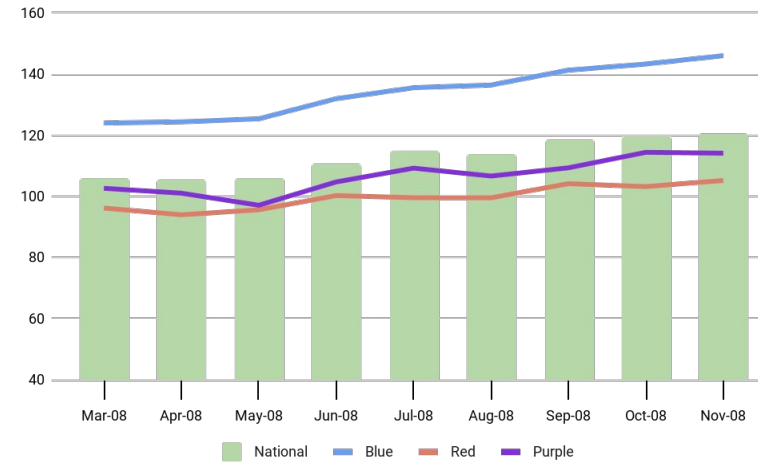


# Electoral States CSLI - Presidential Election Years

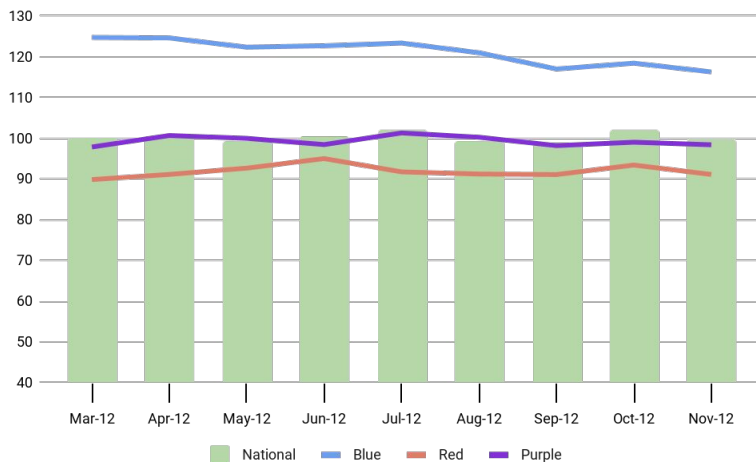
2004



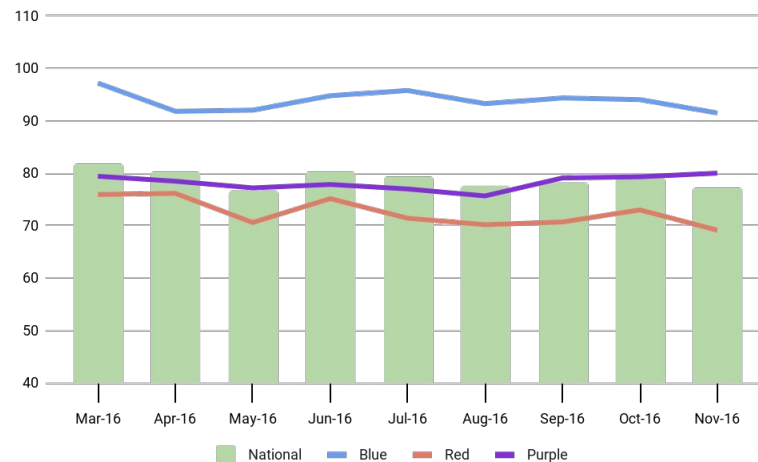
2008



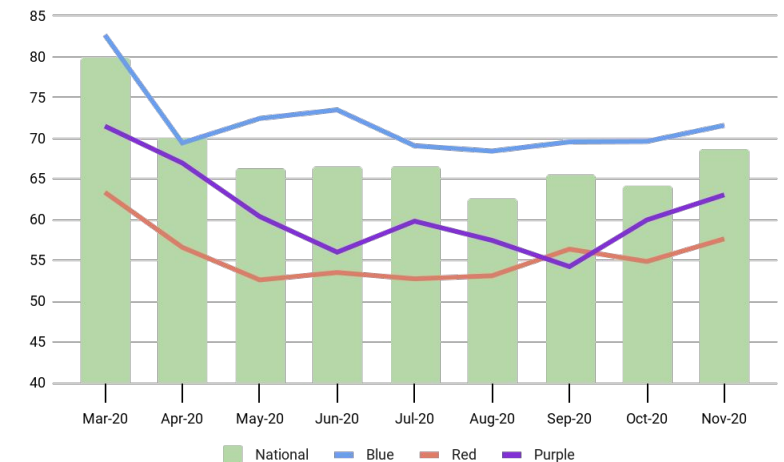
2012



2016



2020





# About LegalShield



**Leader** of subscription-based legal plans to households across North America



**1.8 million+** memberships



**50+ year** history



Serving **140,000** businesses across North America



**40,000+** organizations served by our dedicated B2B division



**39 law firms in 50 states and Canada** with a total of 900 lawyers, and a referral network of 6,000 lawyers, with average of 22 years experience

**For more info**

**Hollon Kohtz**  
Director of Communications

[HollonKohtz@pplsi.com](mailto:HollonKohtz@pplsi.com)

