



LegalShield®

Consumer Stress Legal Index

July 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

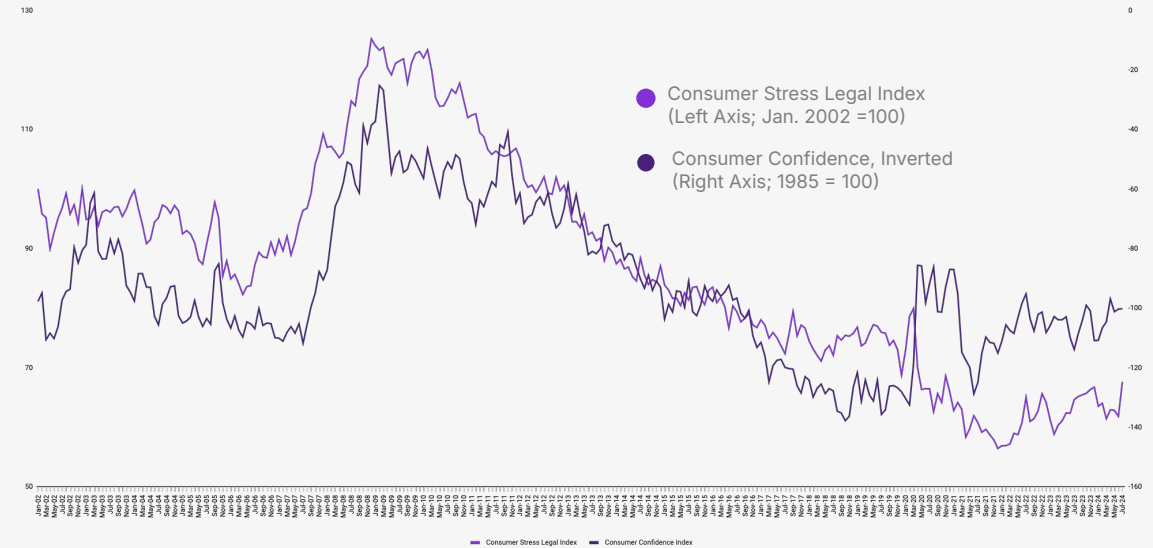
Summary: In July, the CSLI increased **5.8** points from June to **67.6**, the largest single-month increase since December 2002.

What It Means: July's spike puts CSLI is at its highest mark since November 2020. Macroeconomic indicators are mixed across the board as unemployment ticks up and inflation cools. U.S stocks continue to trade near record highs following a sell-off that spooked economists and increased recession predictions.

Outlook: Inflation continues to come down and there is greater anticipation of a September rate cut by the Federal Reserve Bank. However, persistent inflation, rising consumer debt and increase layoffs may drive stress for the foreseeable future.

*The April 2024 CSLI and subindices were slightly adjusted to include inquiries not initially tallied in April's index.

Historical Trend Over Past 20+ Years



LegalShield CSLI 24 Months

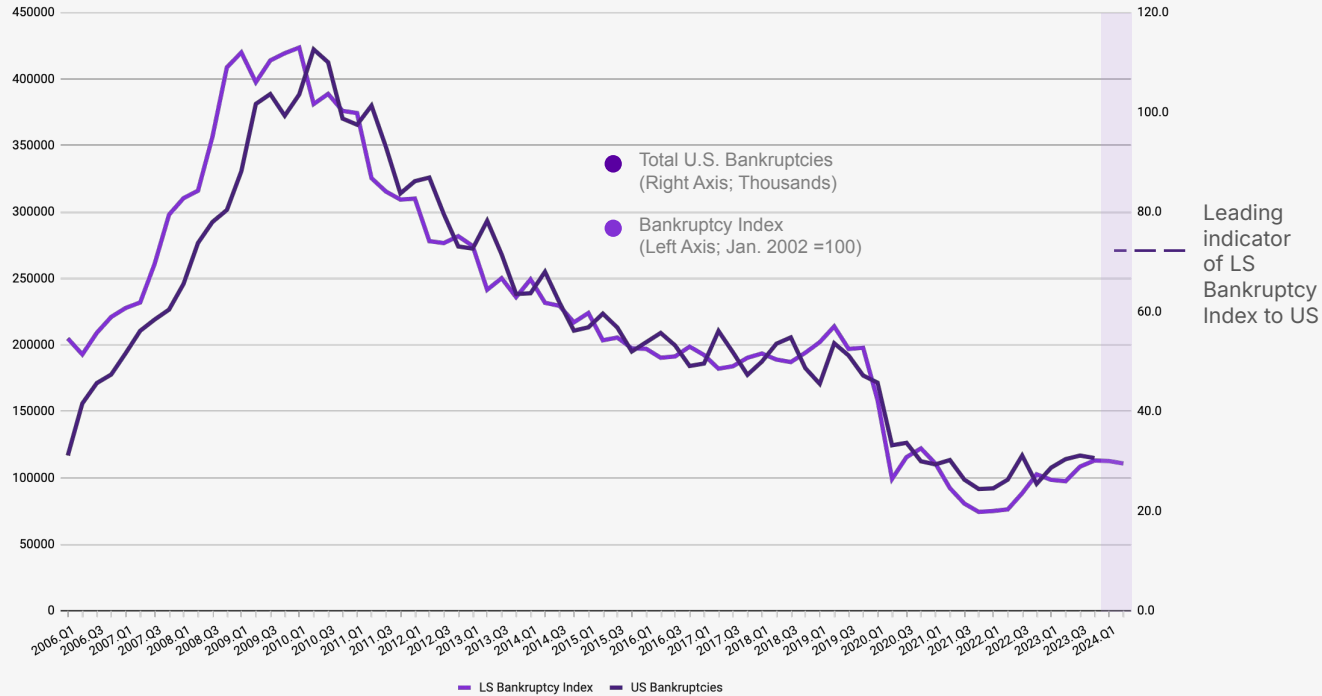


Consumer Stress Legal Index

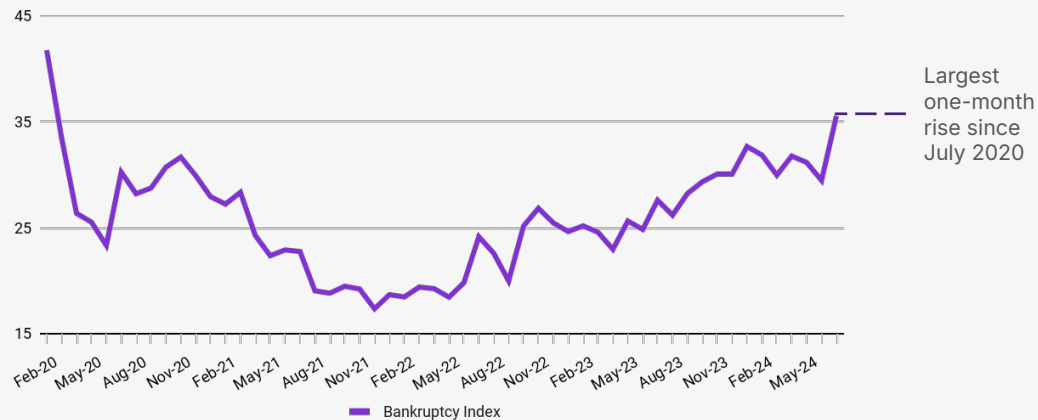
July 2024 Matches Highest Monthly Increase Ever



LS Bankruptcy Index vs US Bankruptcy Since 2006



Highest Bankruptcy Reading Since February 2020



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 increased **6.1** points in July to **35.6**, posting its highest level since February 2020, the largest single month increase since July of that year. The Bankruptcy subindex is up **28.8%** 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: The Bankruptcy subindex rose sharply, a leading indicator that the country will see an uptick in bankruptcy filings the second half of 2024.

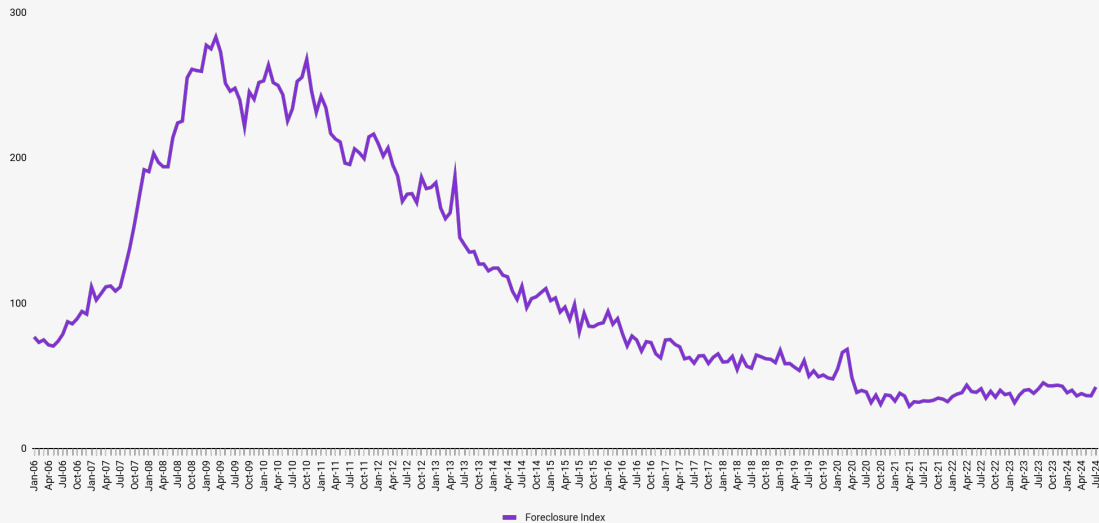
Foreclosure Index

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

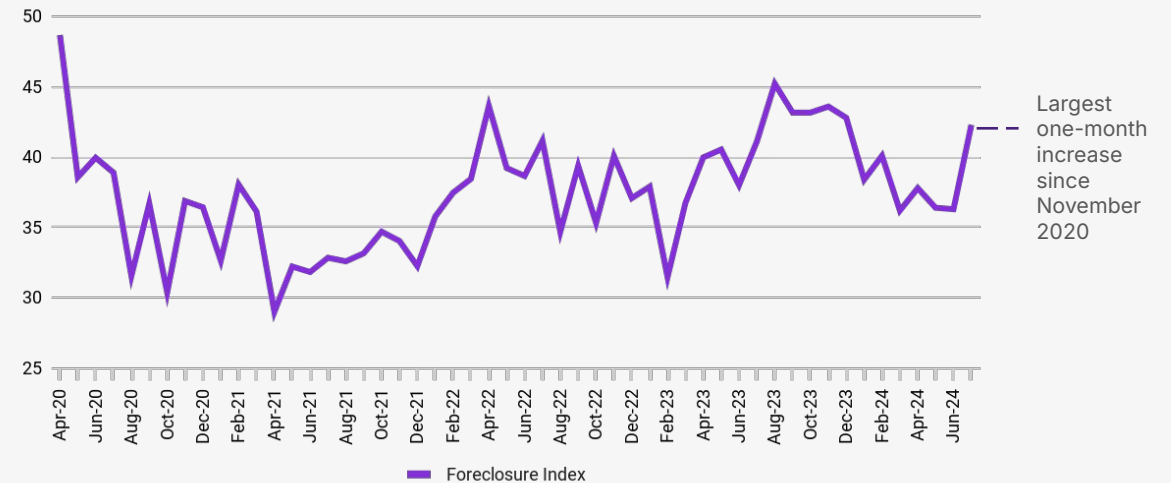
The Foreclosure subindex declined **6.0** points in July to **42.3**. That figure is up **2.9%** year over year, bucking 4 straight months of year-over-year decline. This is the largest single-month increase since November 2020, and its highest level since December 2023.

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. July's subindex marked a significant increase that may foreshadow additional housing struggles in the coming months.

Historical Trends



Highest Foreclosure Reading Since December 2023

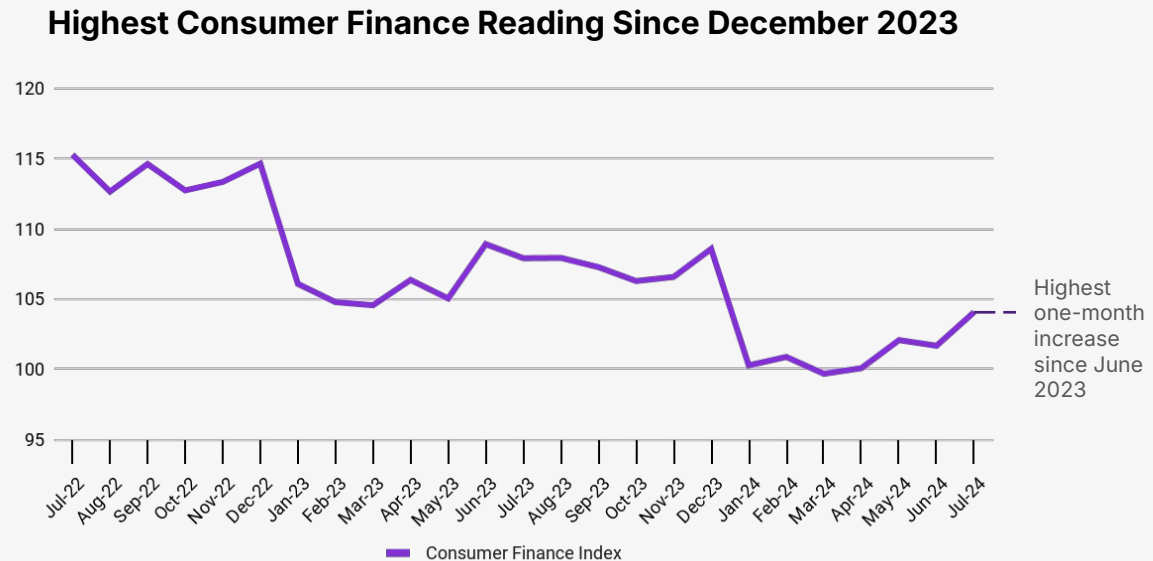
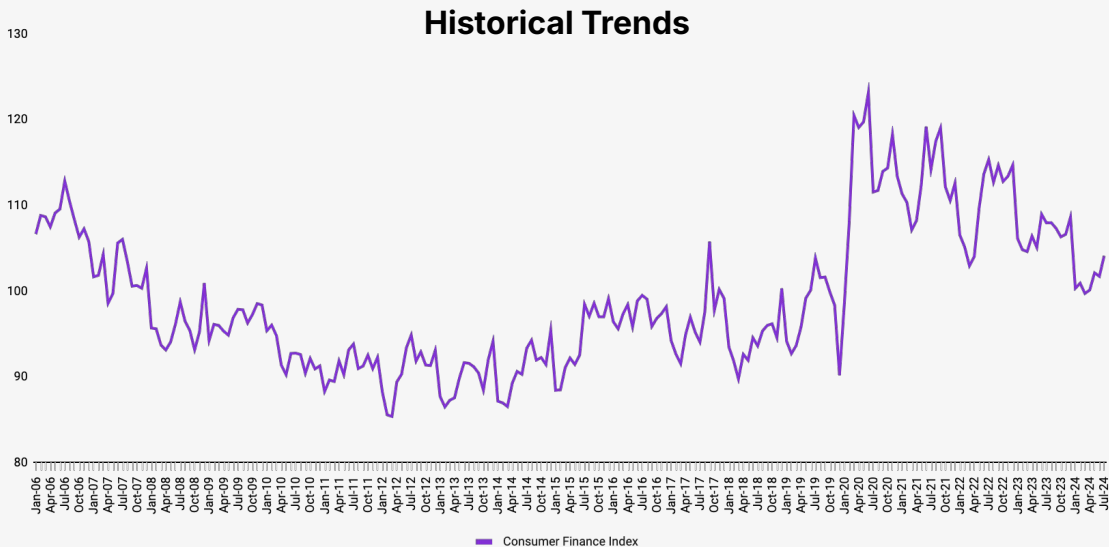


Consumer Finance Index

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 moved up **2.4** points in July to **104.1**, the largest single-month increase since December 2023. The subindex is down **3.6%** year over year.

Outlook: The Consumer Finance Index has been ticking up since the beginning of Q2. Pressure from interest rates could continue to push the increase, while relief in the form of an interest rate cut anticipated in September may moderate the stress heading into Q4.



Electoral States - Consumer Stress Legal Index

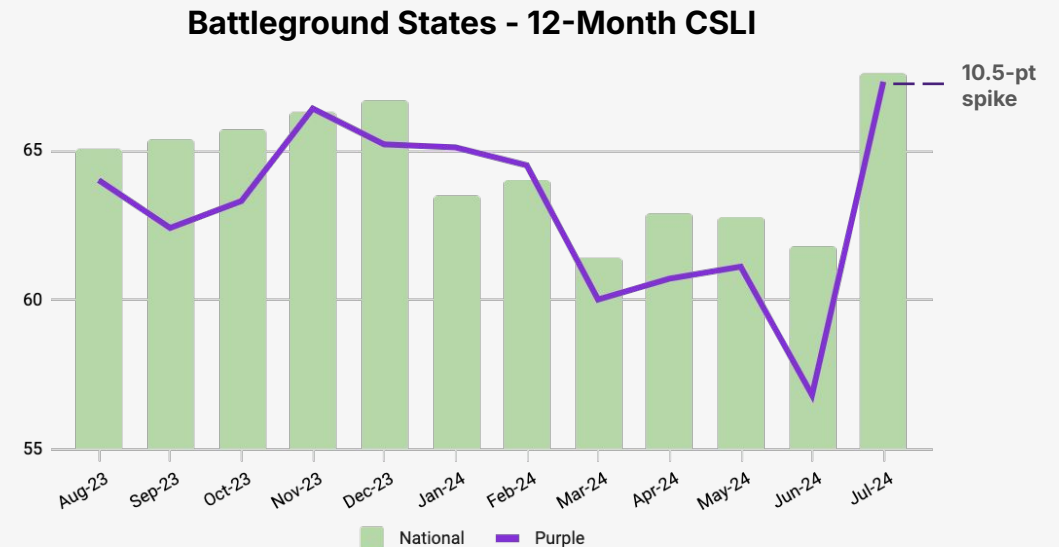
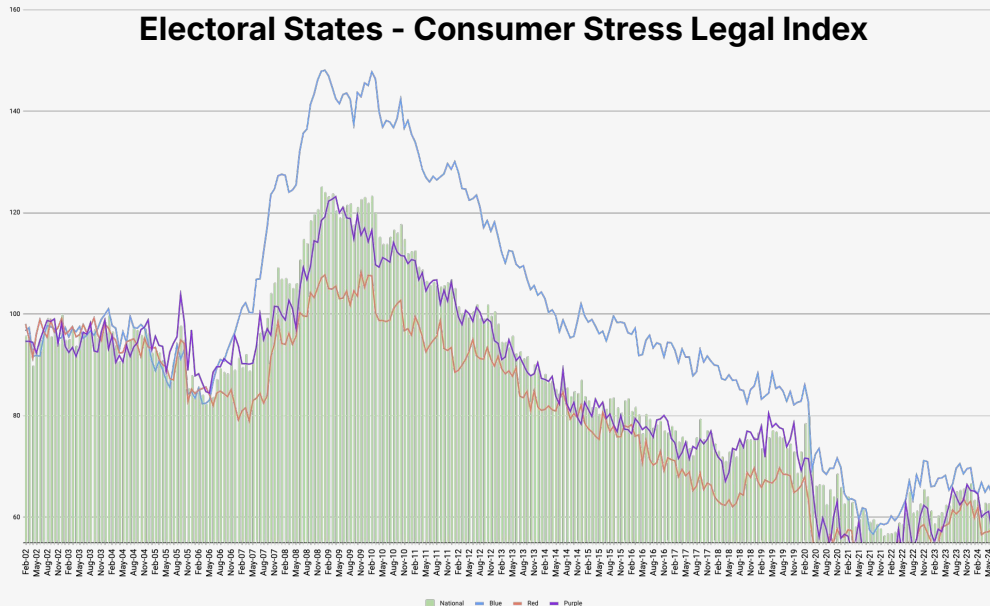
Summary: For the 2024 election cycle, LegalShield is breaking out consumer stress levels on a politically geographic basis, separating red, blue, and purple battleground states. LegalShield classified states based on the outcome of the 2020 election. Battleground states in May's are Arizona, Georgia, Michigan, Nevada, North Carolina, Pennsylvania and Wisconsin.

When battleground state consumer stress dipped 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.

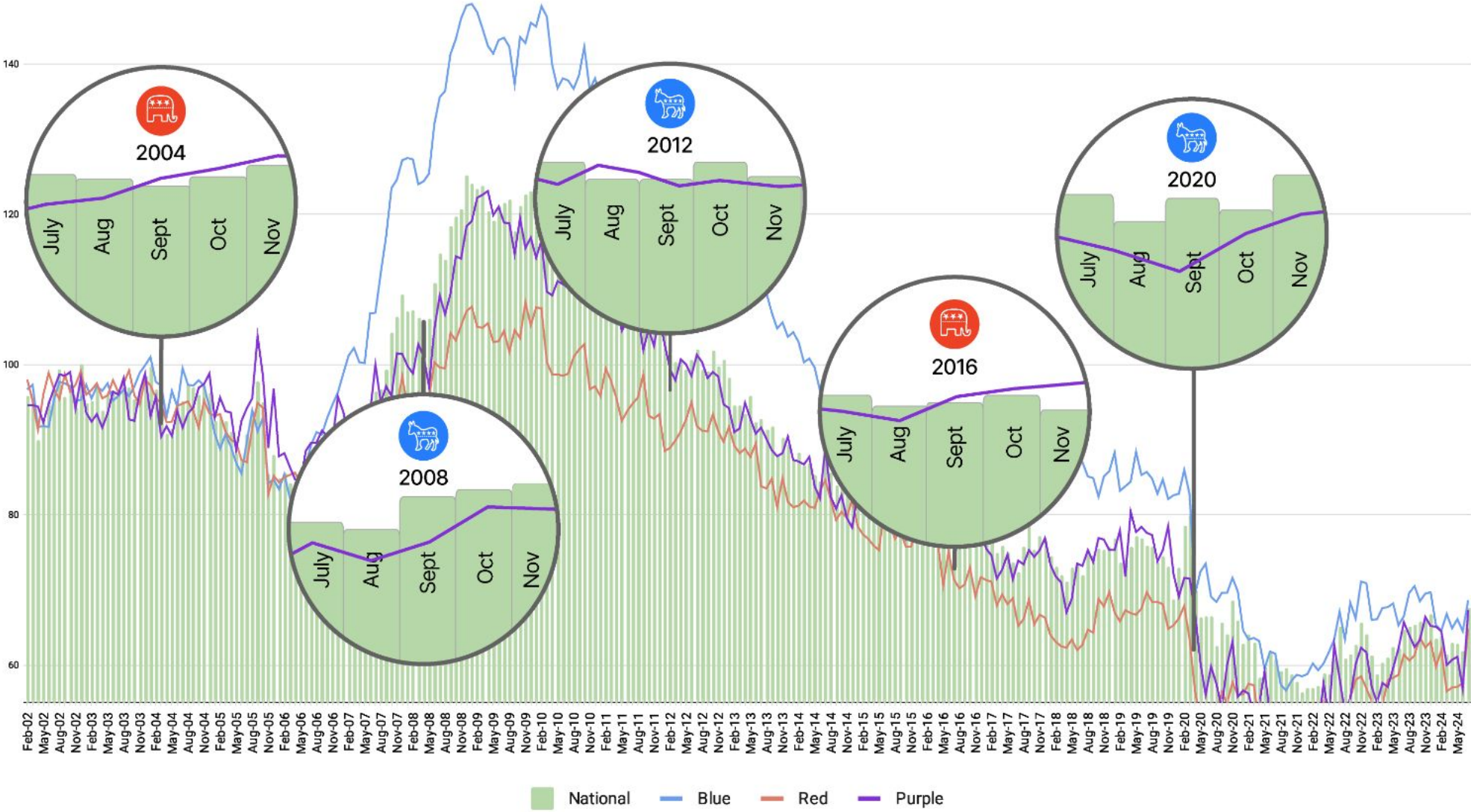
In July, LegalShield's CSLI in battleground states shot up **10.5** points, well outpacing the rise nationwide. Battleground stress is now **0.3** points below the national average.

Outlook: Now almost even with the national average, and consumer relief in the form of an interest rate cut not anticipated until September, stress in battleground states could continue to rise in August.



Purple state CSLI below national index in Oct/Nov = Democratic win

CSLI Political Breakdown: Election Year Focus



CSLI Political Breakdown: Election Years

2004 



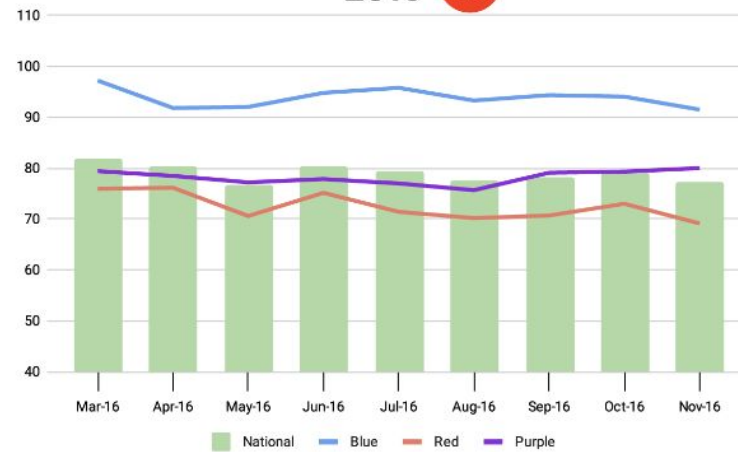
2008 



2012 



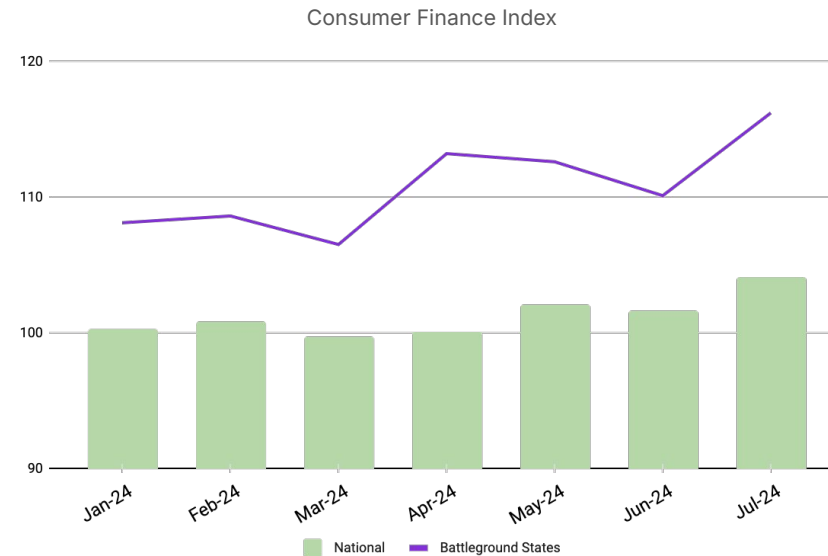
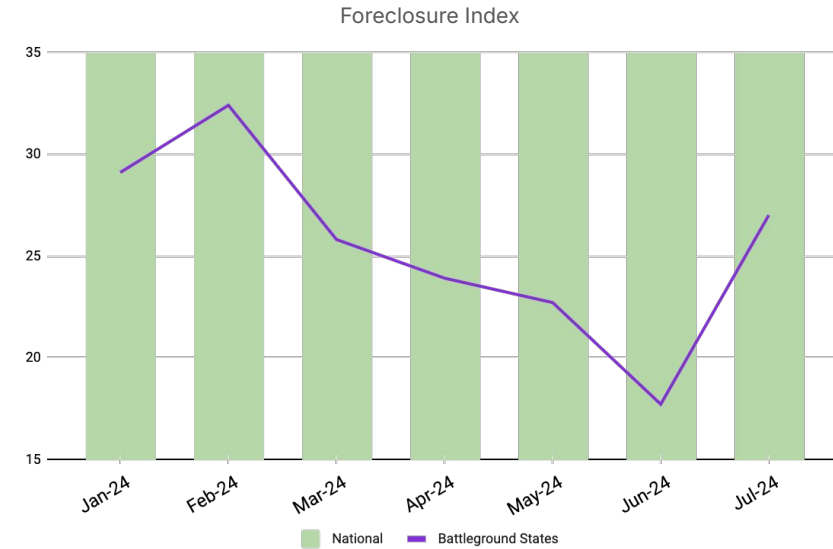
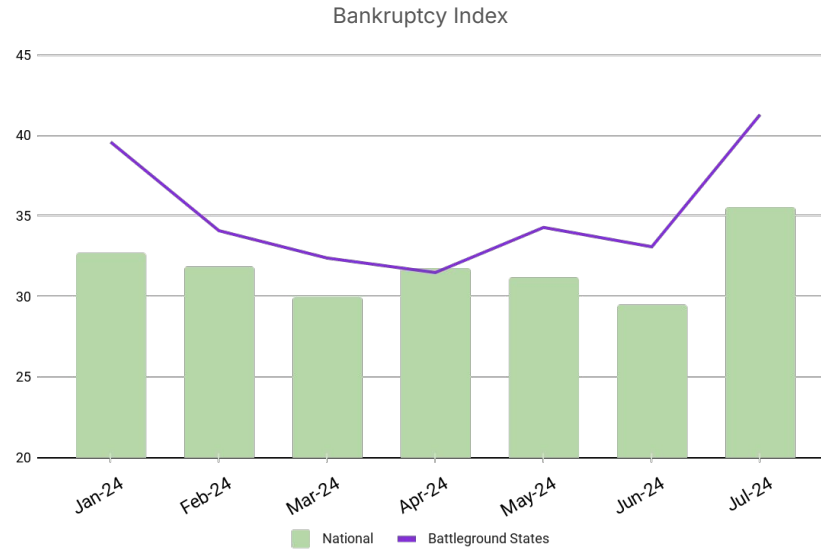
2016 



2020 



Bankruptcy, Consumer Finance, & Foreclosure





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

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