



LegalShield®

# Consumer Stress Legal Index

Q1 2026

# 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 36 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.



# 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 provides a useful “hard” data check on 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 Q1 2026, the flagship CSLI remained at an elevated **72.9**, marking an **11.6%** increase year-over-year. While the index dipped **1.9%** from the previous quarter, this was largely due to seasonal tax refund relief in the Consumer Finance sector.

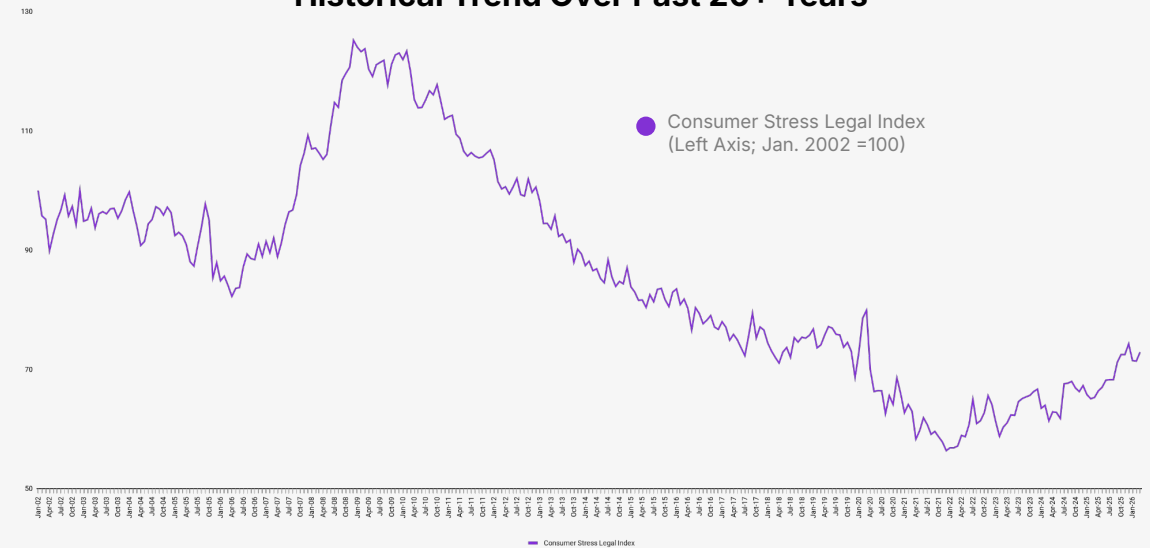
Monthly:

- January: **71.5**
- February: **71.4**
- March: **72.9**

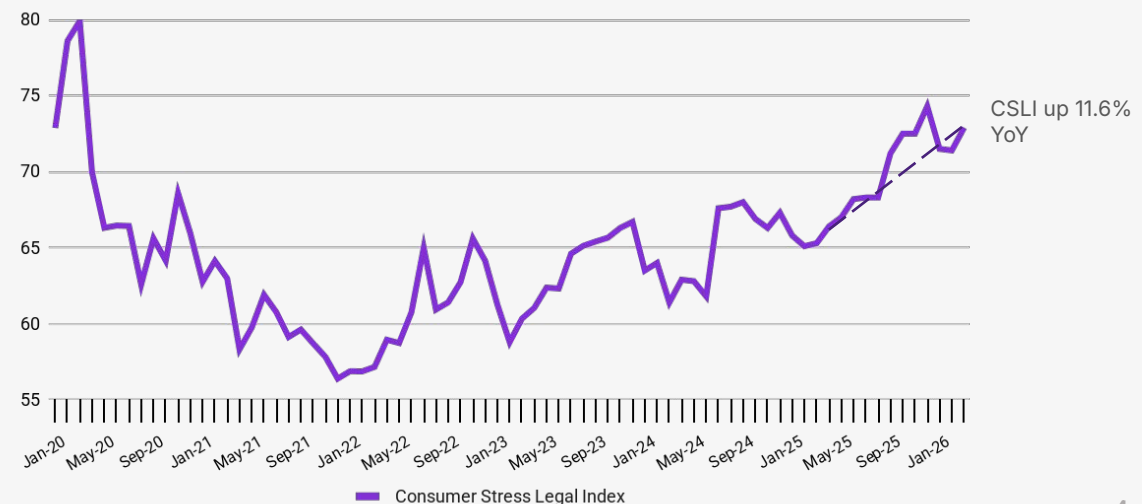
**What It Means:** The index remains at an elevated level consistent with sustained, broad-based financial distress. After rising for 10 consecutive months, the CSLI ticked down 1.9% in Q1 2026, but remains elevated, up 11.6% year over year. The CSLI eased as the Consumer Finance Index was down in Q1 as tax refunds provided temporary relief.

**Outlook:** While tax refunds provided a temporary "pressure release valve," the underlying debt and housing stress suggests a reassertion of financial pressure by early Q2 2026.

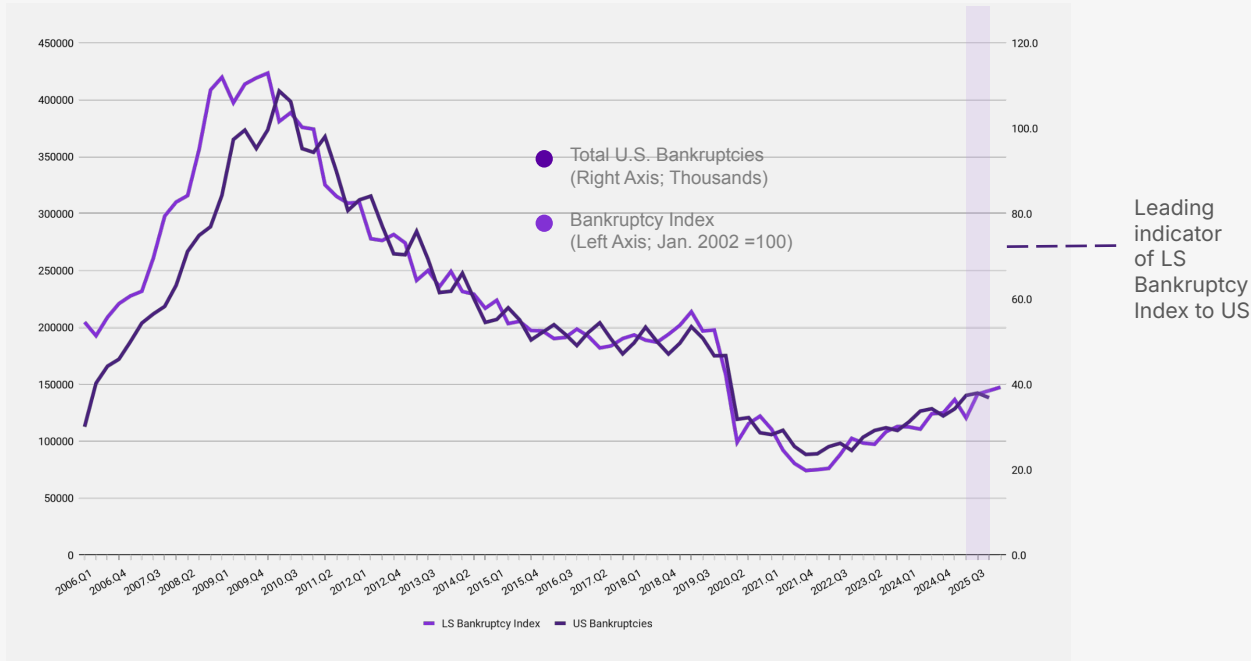
### Historical Trend Over Past 20+ Years



### Q1 2020 - Q1 2026



## LS Bankruptcy Index vs US Bankruptcy 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 rose to **39.3** in March, an increase of **2.0%** in Q1 2026 and up **8%** YoY.

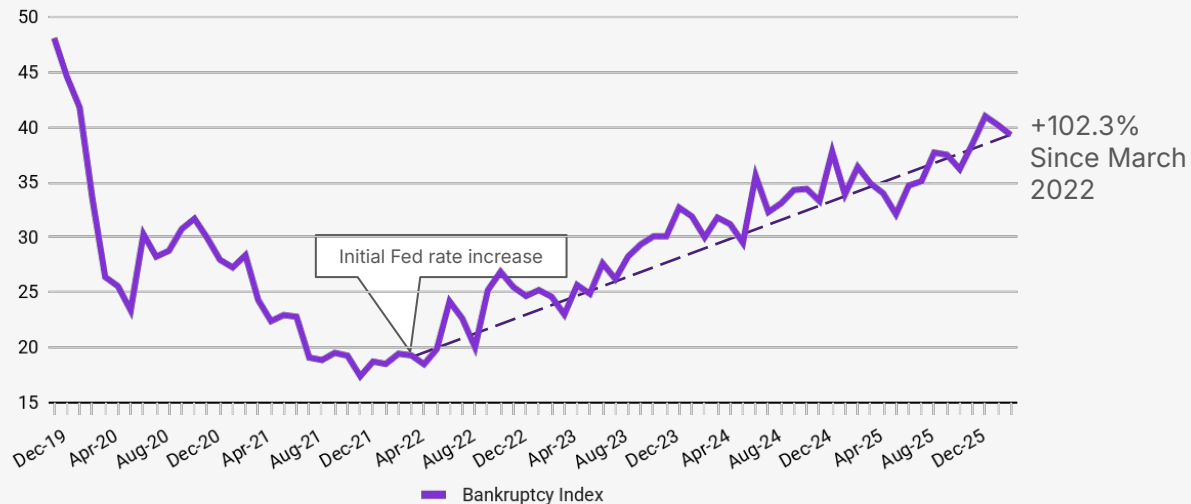
Monthly:

- January: **41.0**
- February: **40.2**
- March: **39.3**

**What It Means:** The Bankruptcy Index has now more than doubled since the Federal Reserve began its rate-hiking cycle in March 2022. This steady, four-year climb reflects the cumulative weight of high interest rates and persistent inflation on household debt loads.

**Outlook:** Historically, this index precedes actual federal court filings by two quarters with a .95 correlation. As a leading indicator, the current trajectory of the Bankruptcy Index suggests that actual federal court filings will rise meaningfully through the first half of 2026.

## Steady Increase for 4 Years



# 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 represents the sharpest signal of distress in the current economy, jumping **13.4%** in March alone. It ended the quarter up **20.3%** year-over-year, its highest level since the onset of the pandemic in March 2020.

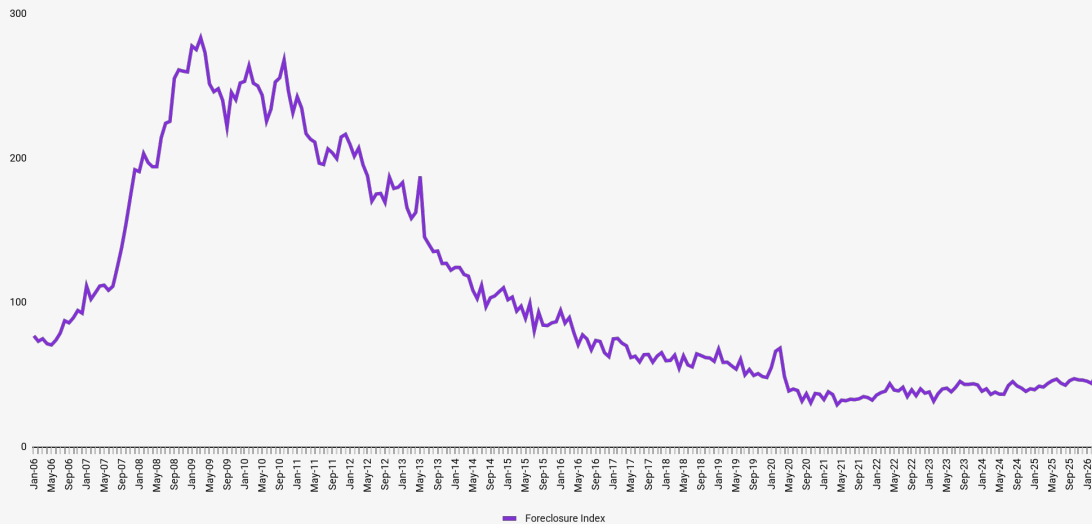
Monthly:

- January: **45.3**
- February: **43.8**
- March: **49.7**

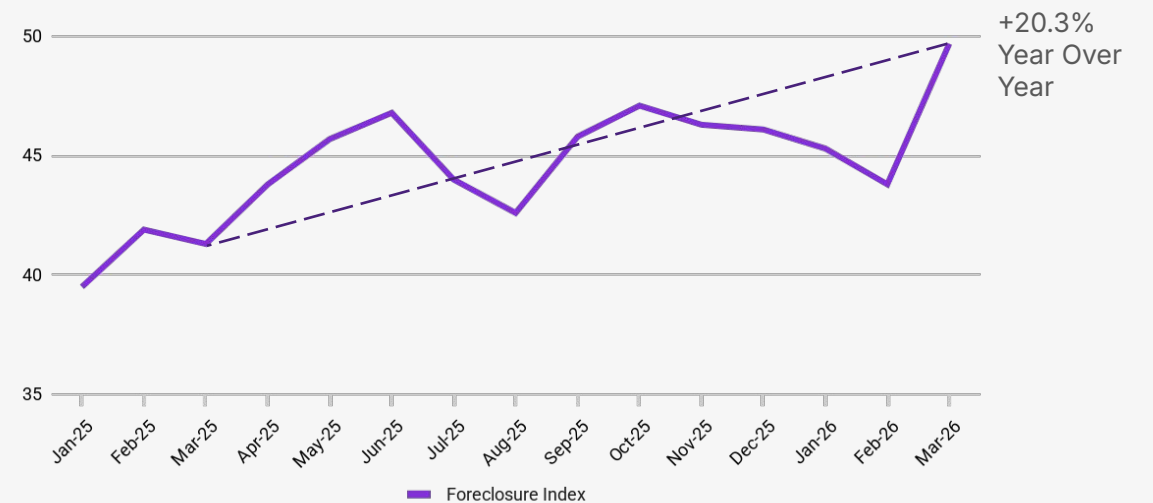
**What It Means:** Homeowners are facing severe payment shock driven by escrow resets. National homeowners insurance premiums rose ~70% between 2019 and 2025, now accounting for 14% of the average monthly mortgage payment. The principal isn't the problem; the total monthly obligation has quietly reset higher.

**Outlook:** The spike in inquiries indicates that homeowners are running out of modification and forbearance options, leading to an expected surge in court-filed foreclosures within two quarters.

Historical Trends



Foreclosure Index: YoY



# Consumer Finance Index

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

The Consumer Finance subindex fell **6.7%** in Q1 to **107.8**. Despite this quarterly dip, the index remains **10.1%** higher than it was in March 2025.

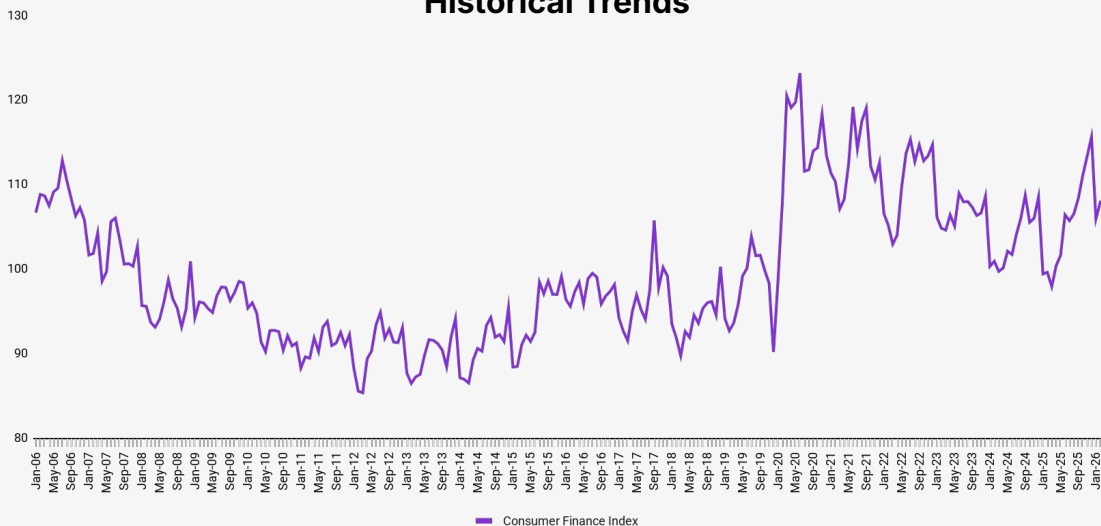
Monthly:

- January: **105.9**
- February: **107.9**
- March: **107.8**

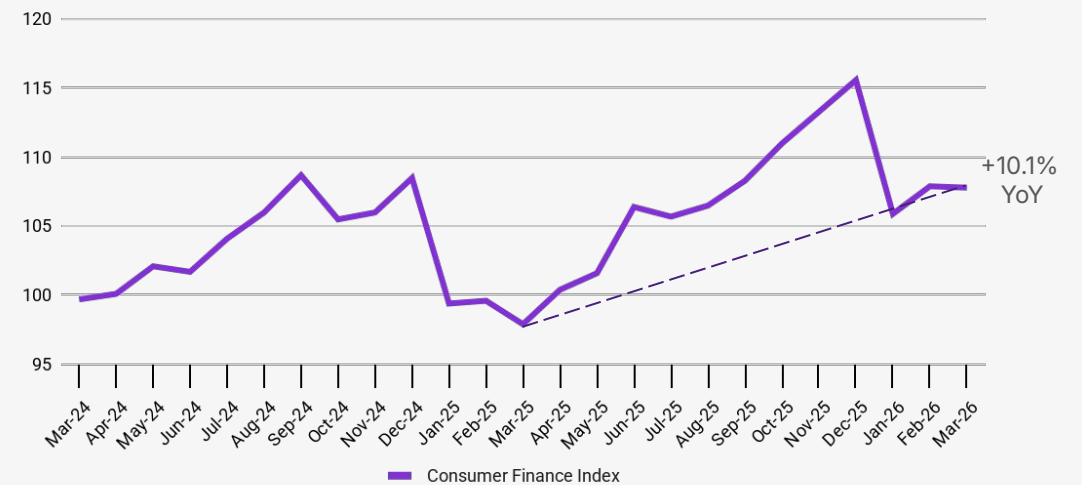
**What It Means:** The Q1 decline reflects seasonal relief caused by tax refund season. Consumers are using refunds as a temporary fix to stabilize cash flow or fund necessary legal interventions. However, the underlying debt issues typically reassert themselves within 3 to 6 weeks.

**Outlook:** Expect the Consumer Finance Index to rebound in Q2 as it has each of the past 5 years, as the temporary relief of tax refunds fades and persistent debt loads remain.

### Historical Trends



### Consumer Finance Index 24-Month View





# 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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