LegalShield

Consumer Stress Legal Index

Q2 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 Q2 2026, the flagship CSLI remained at an elevated **74.6**, marking an **9.4%** increase year over year. The index was up **2.3%** from the previous quarter, as seasonal tax refund relief passed.

Monthly:

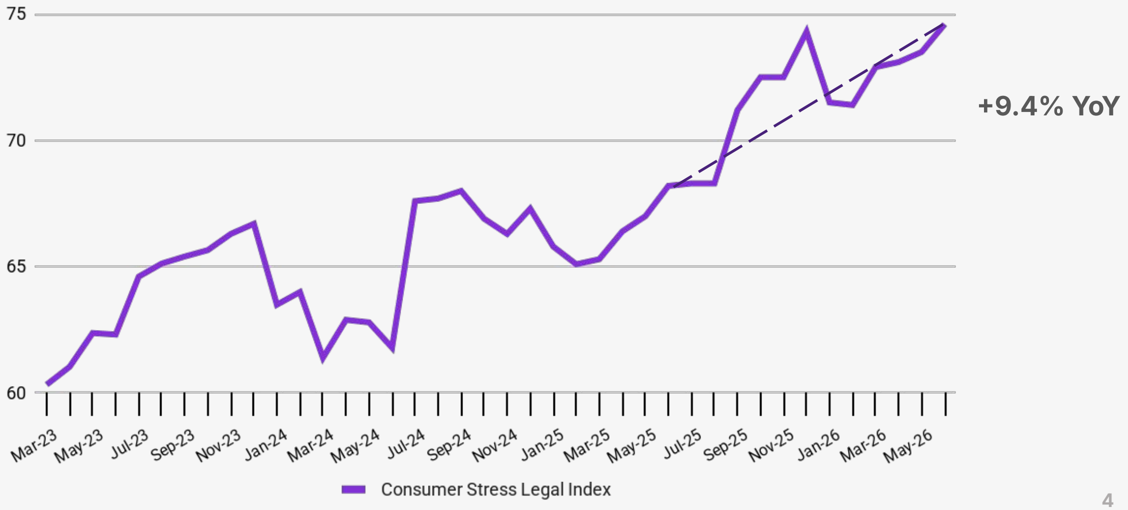
- April: **73.1**
- May: **73.5**
- June: **74.6**

What It Means: The index remains at an elevated level, driven by continued increases in the Bankruptcy and Foreclosure subindices. The index restarted its upward trend with three straight months of increased stress.

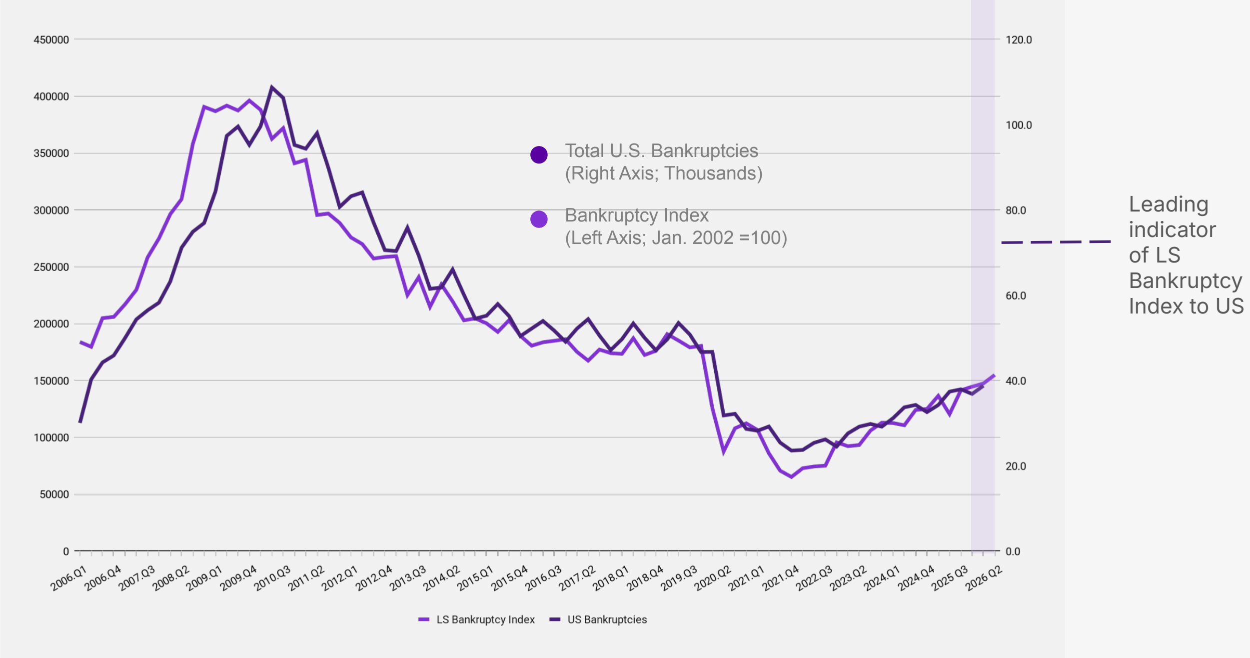
Outlook: Foreclosure and Bankruptcy continue to rise and remain elevated, indicating a likely increase in the CSLI in the second half of 2026.

Historical Trend Over Past 20+ Years

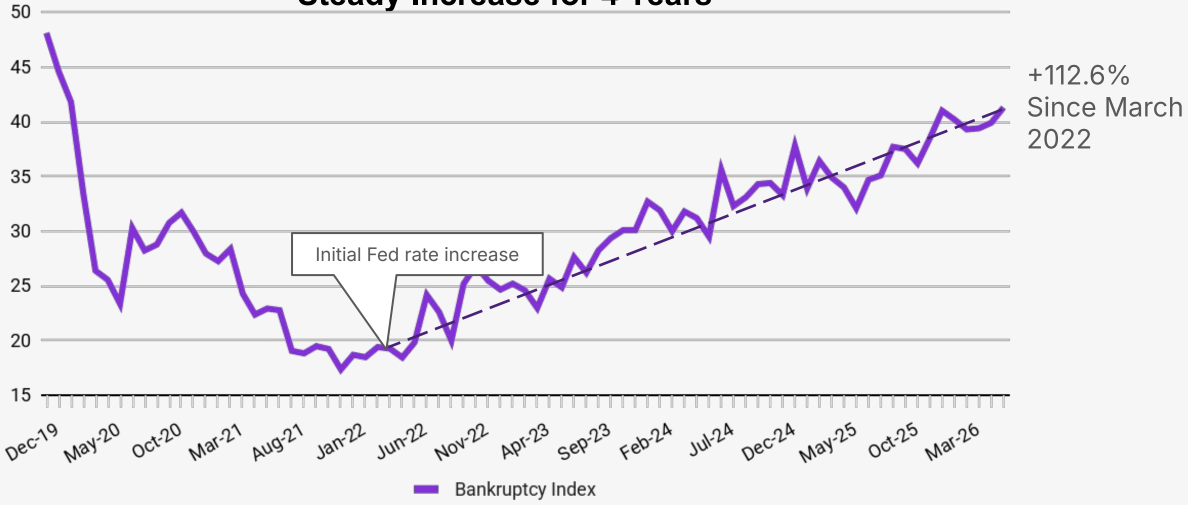
Q2 2023 - Q2 2026



LS Bankruptcy Index vs US Bankruptcy Since 2006



Steady Increase for 4 Years



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 **41.3** in June, marking a sharp year-over-year increase of **28.7%** and a quarterly rise of **5.1%**. Monthly:

- April: **39.4**
- May: **39.9**
- June: **41.3**

What It Means: The Bankruptcy Index continues its steady march upward, following the trend line since the initial Federal Reserve rate increases in 2022. Higher interest rates combined with record debt continue to pressure American households.

Outlook: Historically, this index precedes actual federal court filings by two quarters with a .98 correlation. As was seen in Q1, this leading indicator suggests that actual federal court filings will continue to rise through Q2 and into the second half of the year.

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 rose to a 6-year high peaking in May. For the quarter, the index jumped **12.2%** YoY and up **5.6%** over Q1.

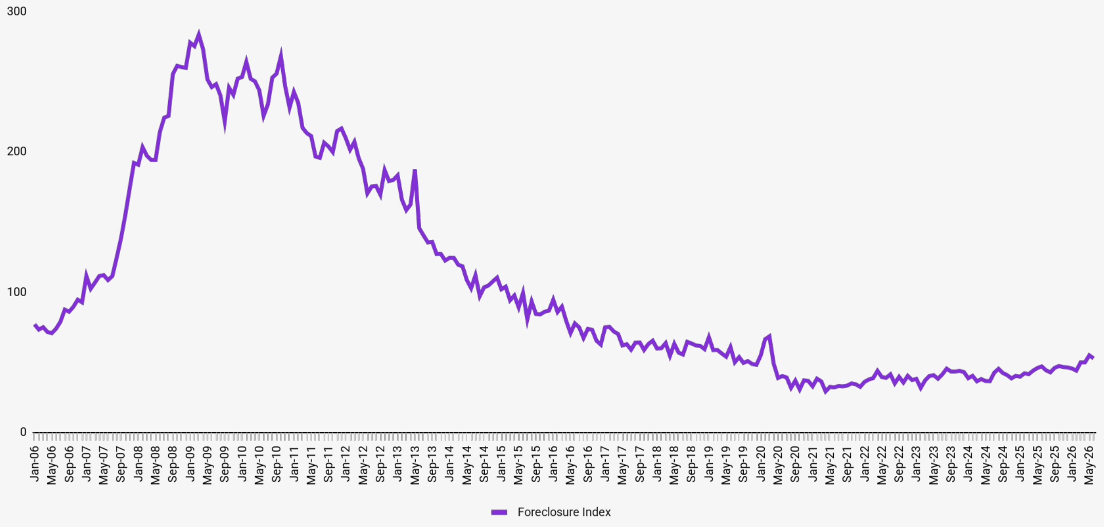
Monthly:

- April: **49.7**
- May: **54.7**
- June: **52.5**

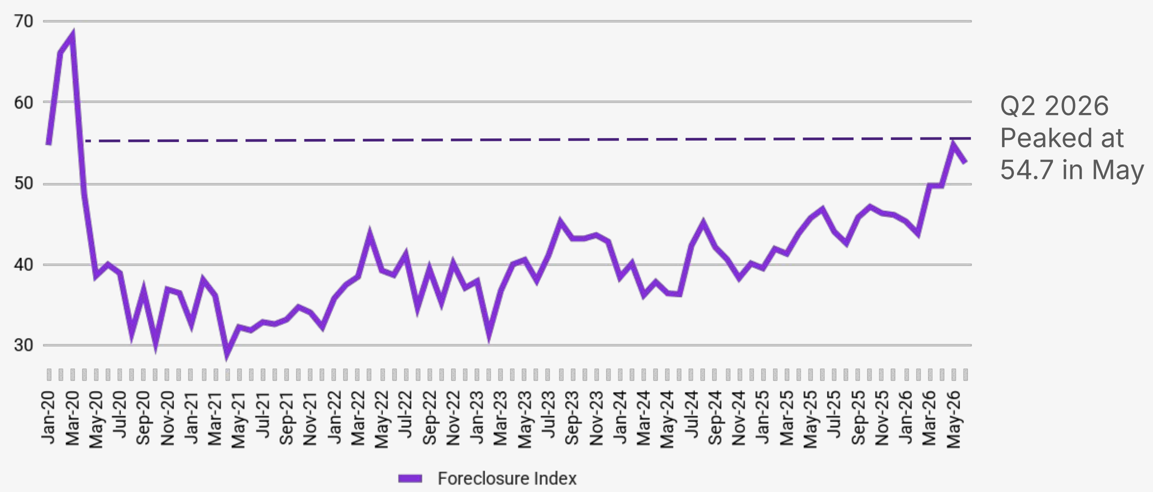
What It Means: Homeowners challenges are two-fold: FHA relief expired and escrow levels continue to rise. FHA protections expired in September 2025, sending challenged borrows off a cliff. The index has risen since that time. Additionally, home insurance and tax bills continue to rise, driving up monthly payments as homeowners struggle to keep up.

Outlook: Historically, LegalShield's Foreclosure Index is a leading indicator of actual residential foreclosure filings by 1-2 quarters. The continued rise indicates more foreclosure filings to occur in Q2 and beyond.

Historical Trends



Foreclosure Index: Highest Since 2020



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.

In Q2 2026, The Consumer Finance subindex stayed relatively flat QoQ, ending down **0.1%**. On a year-over-year basis, it is up **1.2%**.

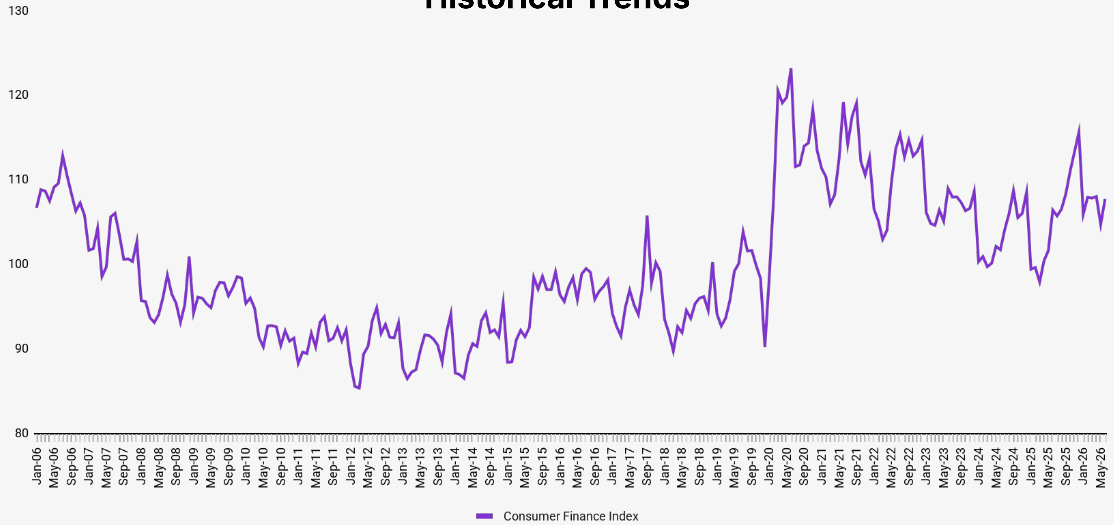
Monthly:

- April: **108.0**
- May: **104.7**
- June: **107.7**

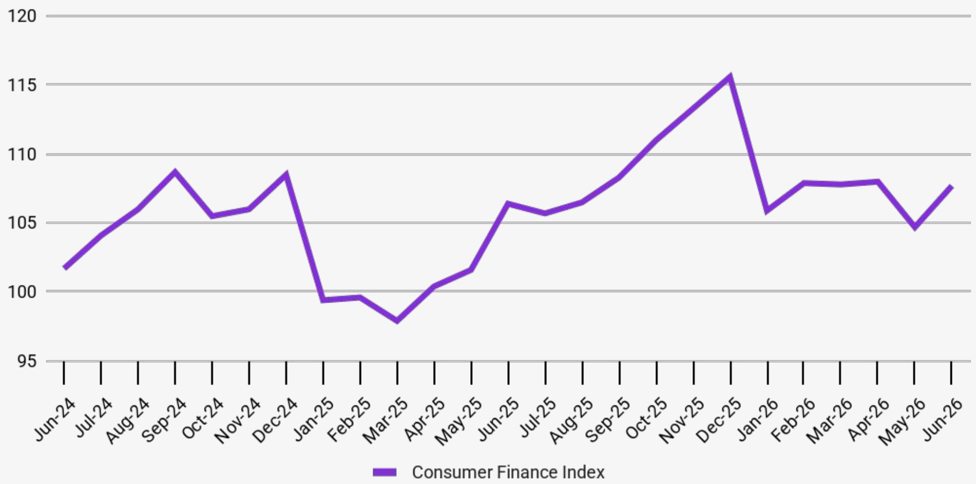
What It Means: Q2 remained flat following a Q1 decline driven by seasonal tax refund relief. Consumer debt continues to grow, as do delinquencies as reported by the Federal Reserve Bank.. Consumers may have moved from smaller issues measured by this index, to more substantial economic hardships as seen in the increasing Bankruptcy and Foreclosure indices.

Outlook: It is difficult to predict the future of the Consumer Finance Index as it bucked a 5-year trend of a measurable increase from Q1 to Q2. In Q3, this index may hinge on movement in Bankruptcy and Foreclosure.

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

For more info

Cameron Penn
Director of Communications

CameronPenn@pplsi.com