



LegalShield™

Consumer Stress Legal Index

January 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

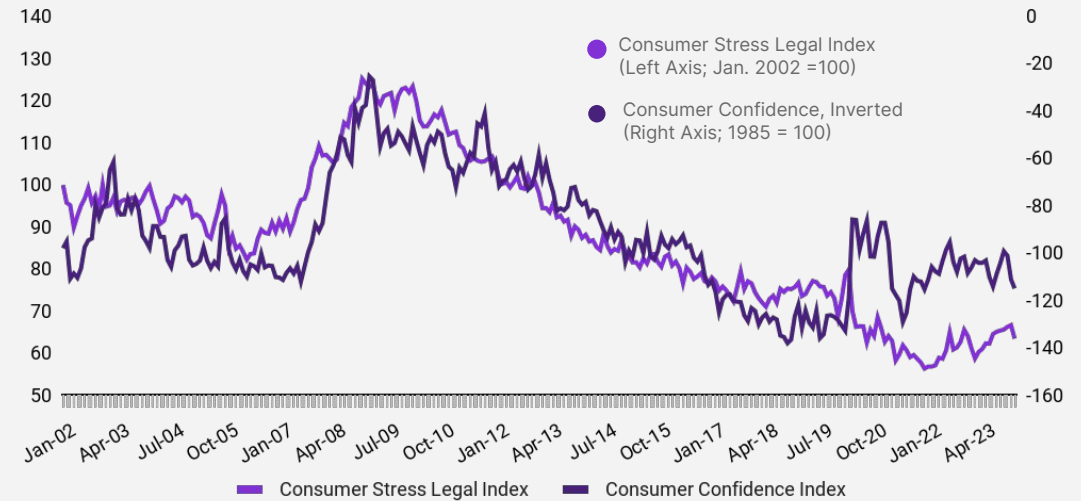
Summary: In January, the CSLI broke a 10-month rise, principally due to an expected seasonal decline in the Consumer Finance subindex. The CSLI decreased **3.2** points from December to **63.5**. The index increased **2.2** points from January 2023, a **3.6%** increase year over year.

What It Means: Despite a slight decline, consumers continue to face increasing pressures on everyday finances. The CSLI would have declined more except for a continued increase in LegalShield's Bankruptcy subindex.

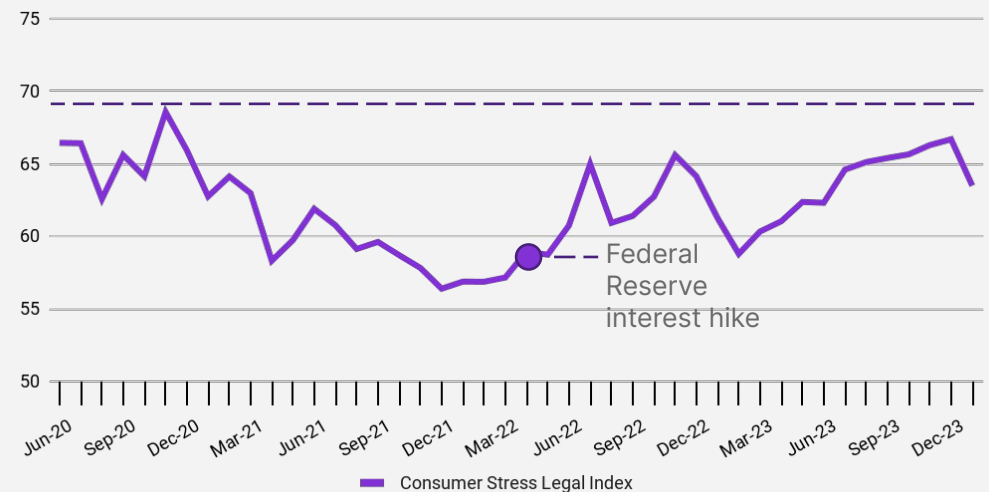
While macro economic data indicates robust GDP growth and a strong jobs report, inflation eased more slowly than expected in January, prompting fears of a longer wait for interest rate relief. The CSLI indicates continued stress on U.S. consumers' ability to cover monthly bills and necessities.

Outlook: The mixed results exhibited in the CSLI and its subindices indicate continued conflict between macroeconomic measures and consumer experiences. The seasonal decline in the Consumer Finance subindex was enough to improve consumer stress, despite the increase in the Bankruptcy subindex and a relatively steady Foreclosure subindex. The CSLI will likely follow a continued seasonal decline of the Consumer Finance subindex through February.

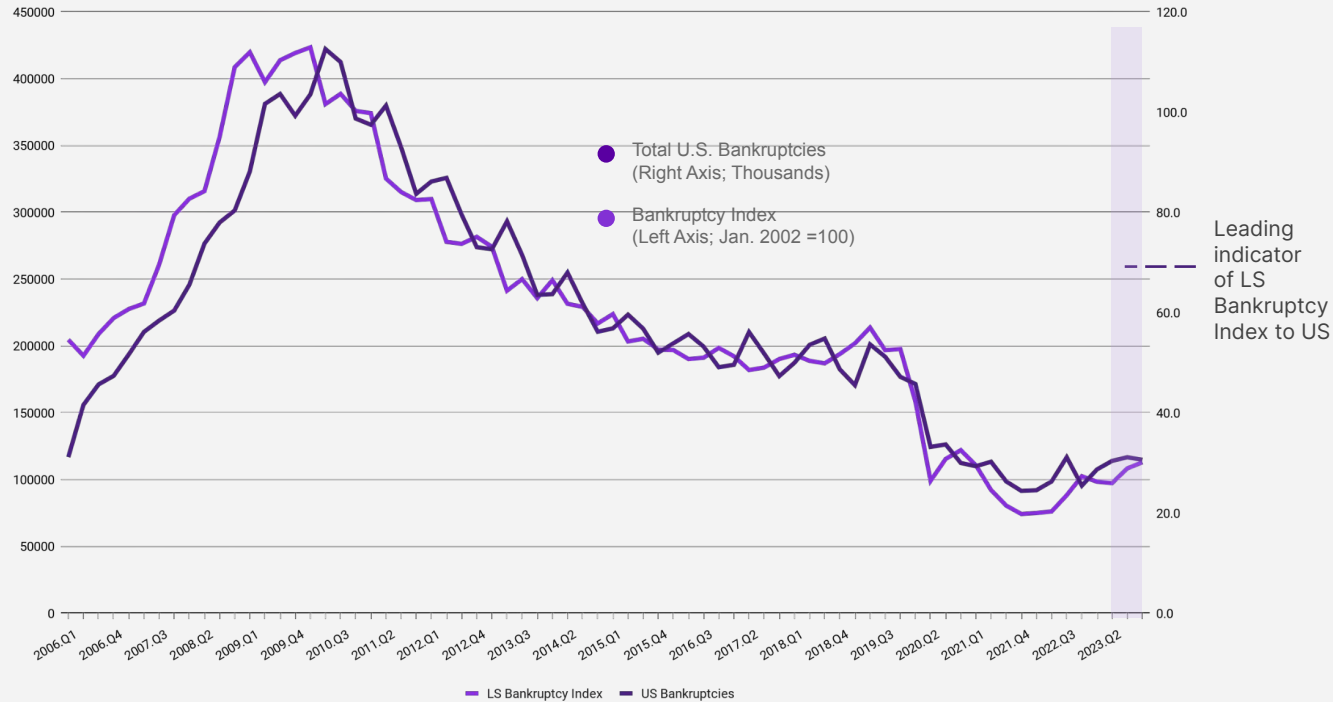
Historical Trend Over Past 20+ Years



First Decline in 10 Months



LS Bankruptcy Index vs US Bankruptcies Since 2006



Bankruptcy Index

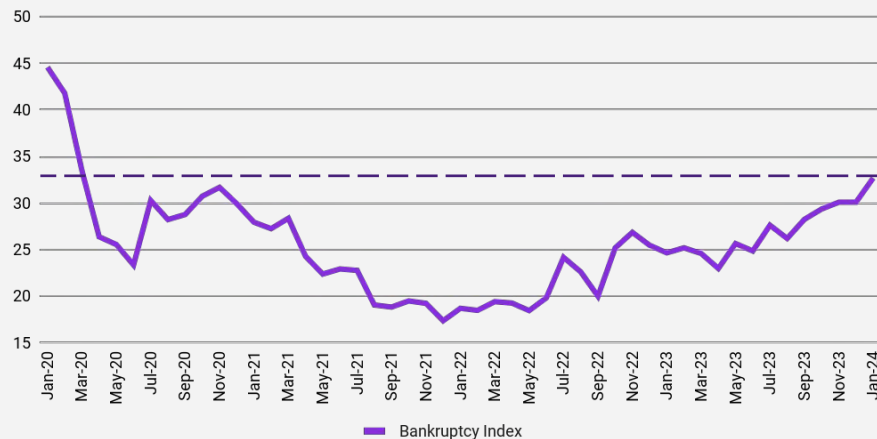
Summary: The Bankruptcy subindex reflects the number of intakes related to bankruptcy as a share of total intakes across all areas of law.

The Bankruptcy subindex increased for a fifth straight month, rising **2.5** points to **32.7**, it's highest mark since March 2020 at the onset of the pandemic. The index increased **8.0** points from January 2023, a **32.4%** increase 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.

Highest Bankruptcy Index since March 2020



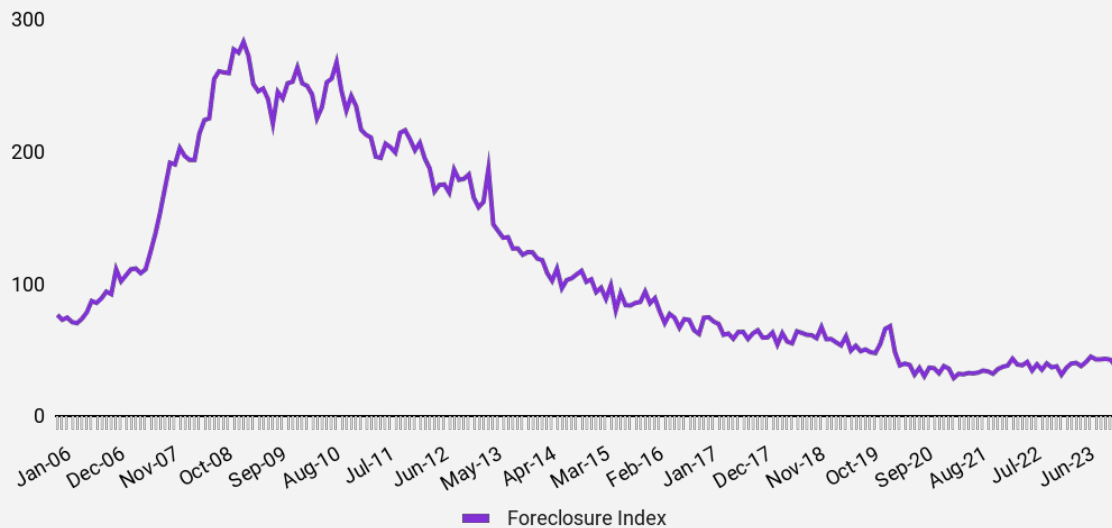
Foreclosure Index

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

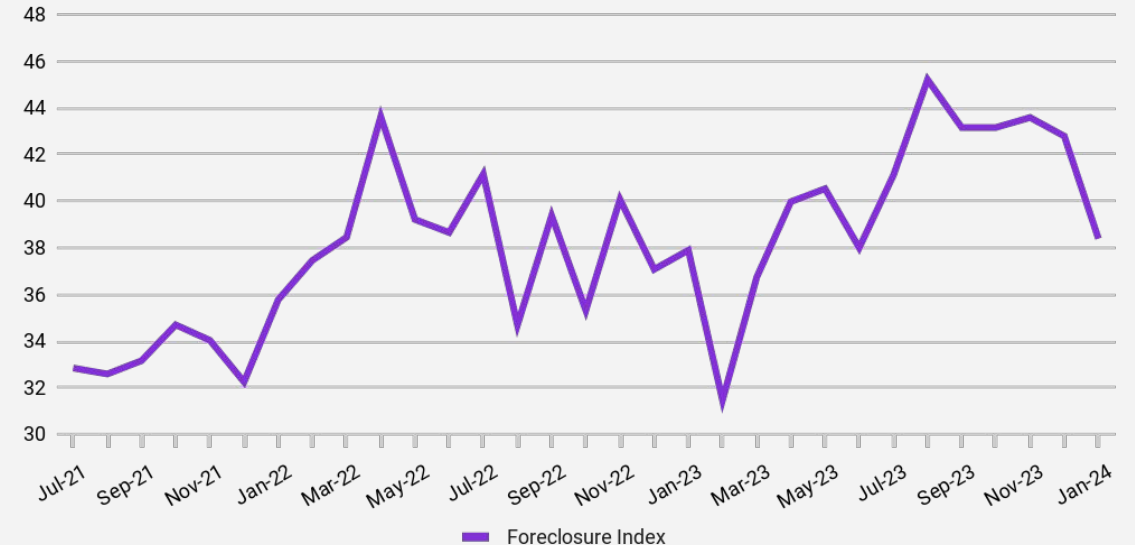
The Foreclosure subindex declined **4.4** points from December to **38.4**. The index increased **0.5** points from January 2023, a **1.3%** increase year over year.

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 12-month average of 40.4. Our data suggests foreclosures will remain in that range in the near term.

Historical Trends



Movement Since Federal Foreclosure Moratorium Ended



Consumer Finance Index

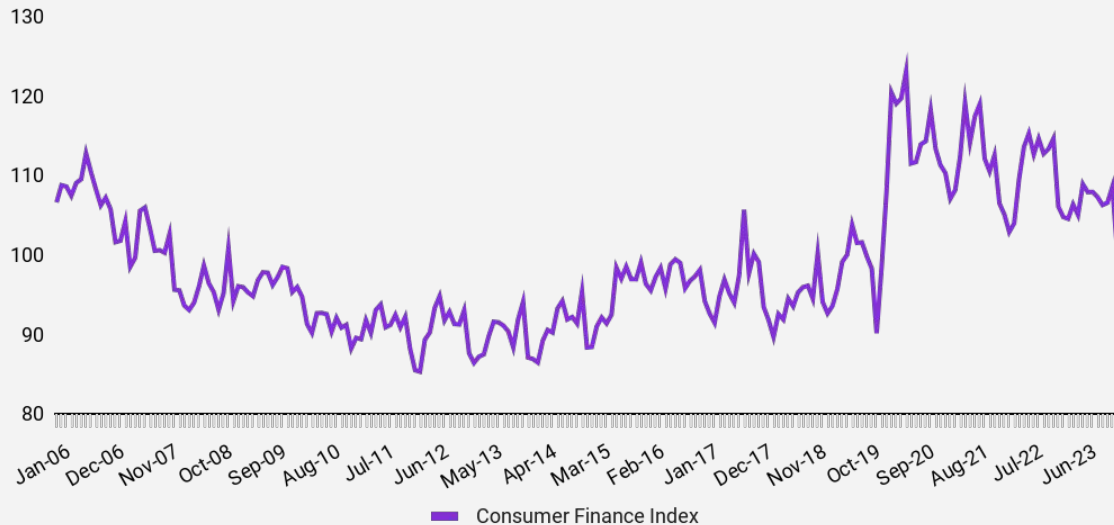
Summary: The Consumer Finance subindex reflects the number of intakes related to consumer finance issues such as billing disputes, auto repossessions and payday loans, as a share of total intakes across all areas of law.

The Consumer Finance subindex declined **8.3** points from December to **100.3**. The index decreased **5.8** points from January 2023, a **5.5%** decline year over year.

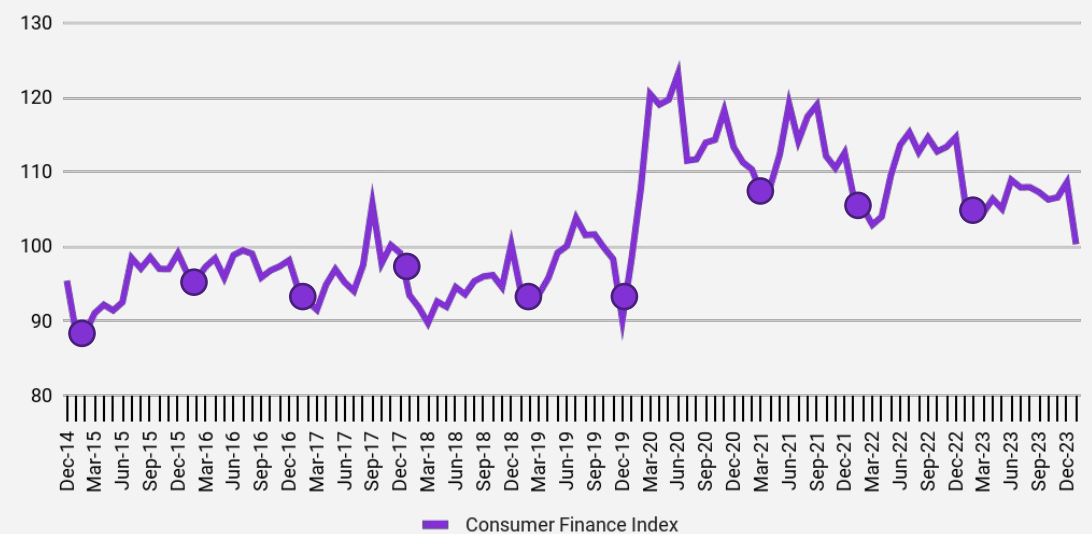
Outlook: The Consumer Finance Index experienced an expected seasonal decline in January. The index has dropped in January 9 out of the last 10 years, and again in February, 8 out of the last 10 years. The Consumer Finance Index is expected to match that trend next month.

Despite the seasonal drop, inquiries about car repossessions and billing disputes continue to rise, especially for Gen X and Millennials, indicating persistent financial pressures.

Historical Trends



Year Over Year Movement





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

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