



LegalShield®

Consumer Stress Legal Index

October 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

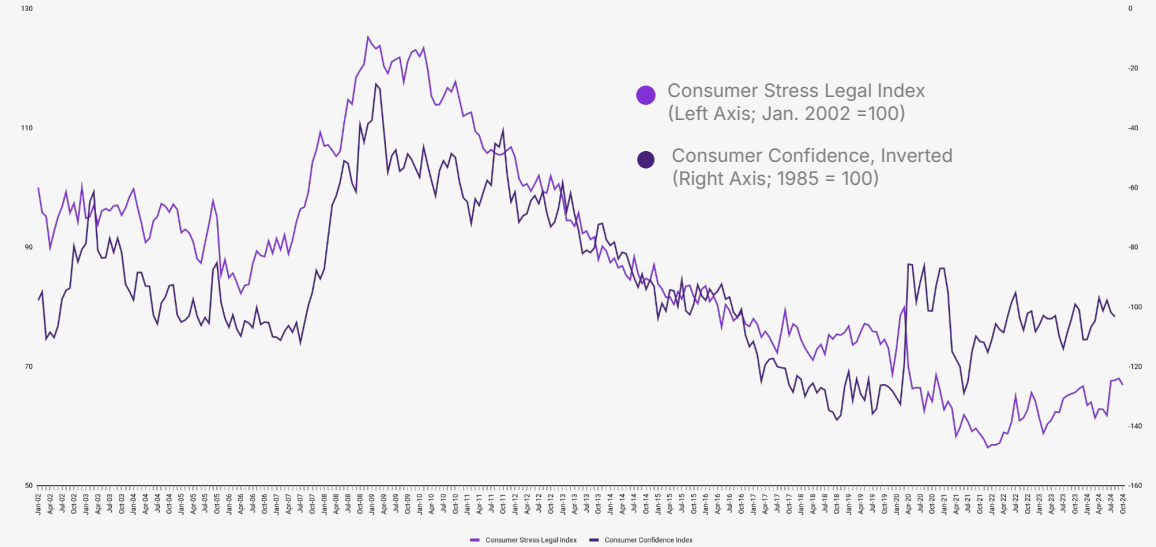
Summary: In October, the CSLI increased **1.1** points from September to **66.9**.

What It Means: For a fourth straight month, consumer stress remains elevated, though it did retreat slightly. Overall gains in employment and wages, and lower interest rates and inflation, have relieved some tension in recent weeks.

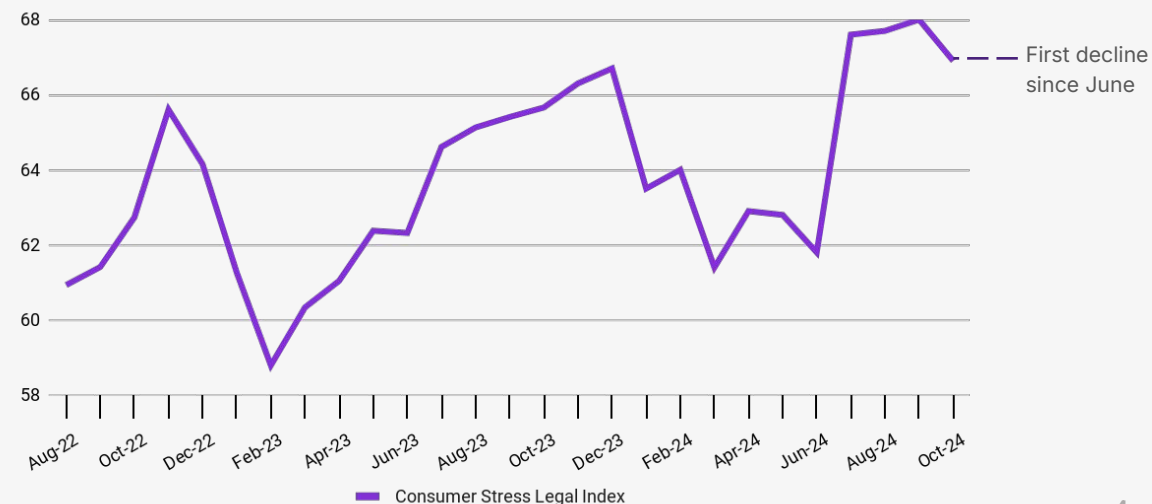
Outlook: Consumers stress remains higher over the year, driven by fundamentals like paying bills. Consumers continue to express a need for help with debt collection, bankruptcy and financial disputes.

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

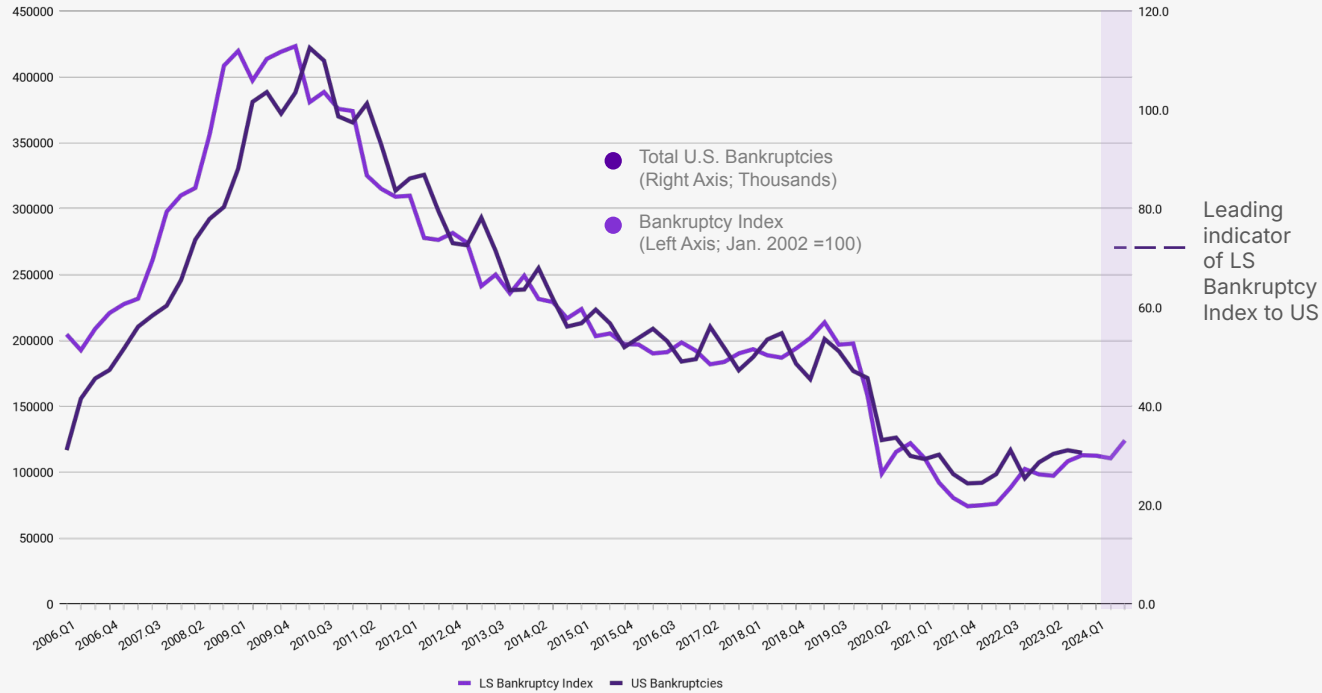
Historical Trend Over Past 20+ Years



LegalShield CSLI 24 Months



LS Bankruptcy Index vs US Bankruptcy Since 2006



Bankruptcy Index

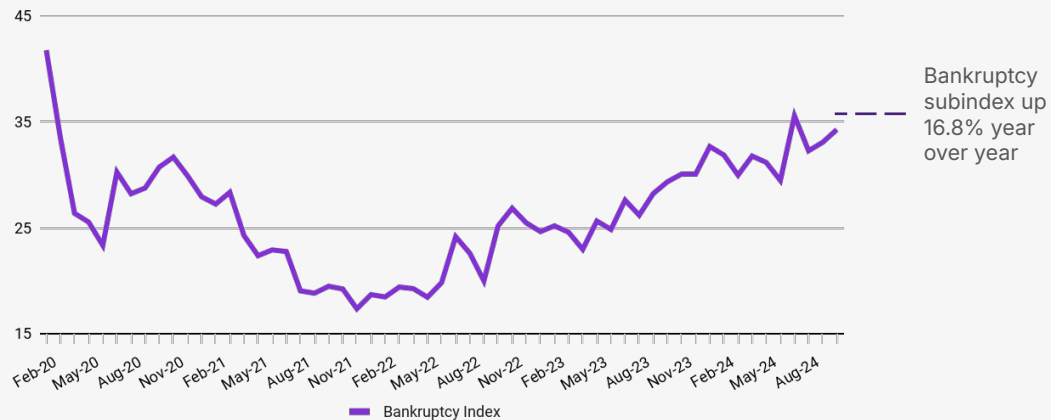
Summary: The Bankruptcy subindex reflects the number of intakes related to bankruptcy as a share of total intakes across all areas of law.

The Bankruptcy subindex increased **1.2** points in October to **34.3**. The Bankruptcy subindex is up **16.8%** 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 has seen a steady increase since November 2021 and is now hovering at a pre-pandemic level.

Bankruptcy Index Since February 2020



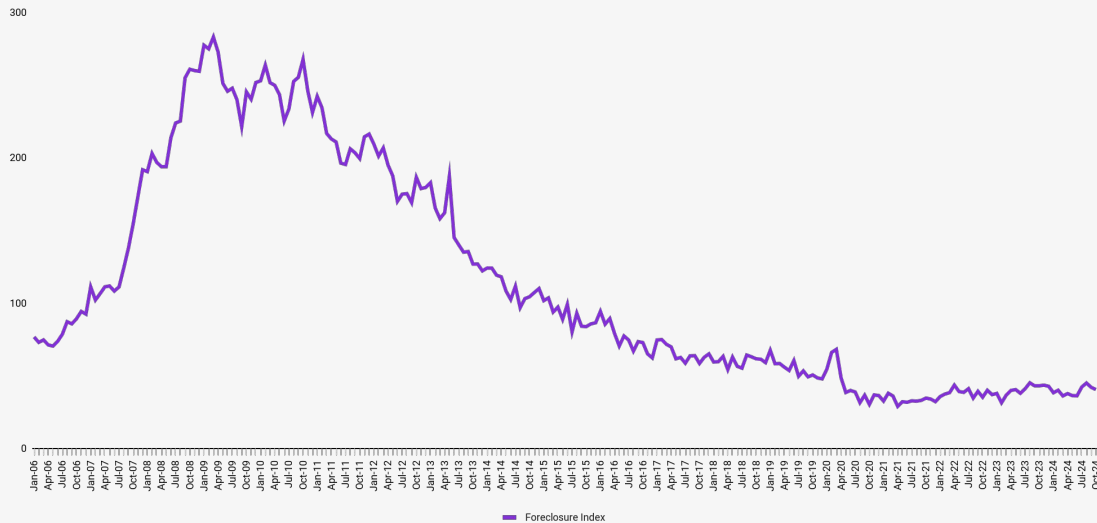
Foreclosure Index

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 decreased **1.5** points in October to **40.6**.

Outlook: Beginning with the expiration of the federal foreclosure moratorium in July 2021, there has been a steady increase in the Foreclosure subindex as well as growing foreclosures reported across the United States. October is the second month in a row of easing. However, average mortgage rates continue to tick up after a dip when the Federal Reserve cut interest rates in September, which continues to put pressure on the housing market.

Historical Trends



Foreclosure Index: 24-Month View



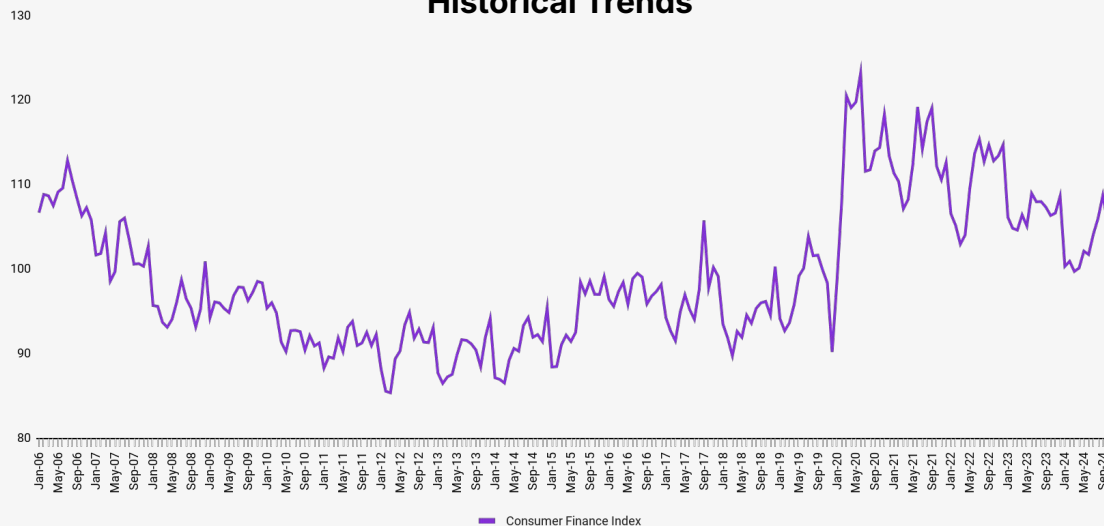
Consumer Finance Index

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.

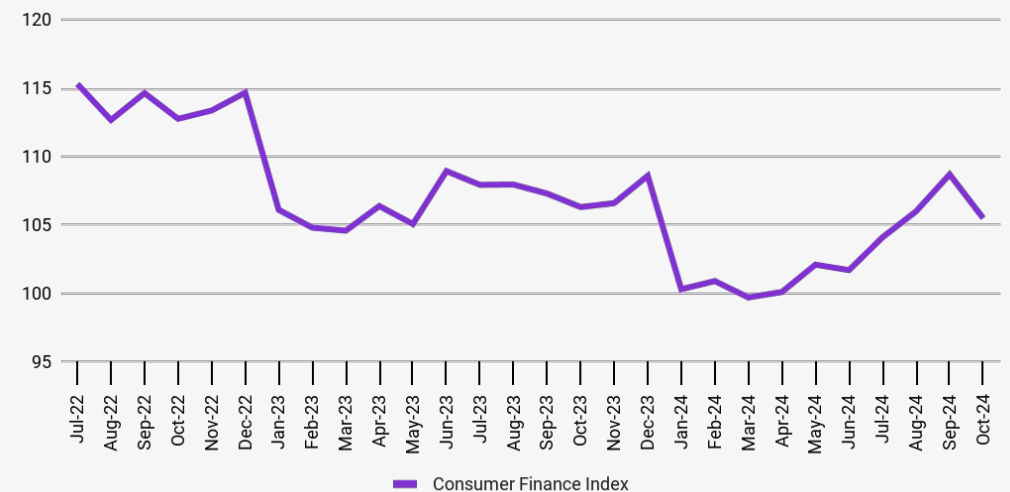
The Consumer Finance subindex dropped **3.2** points in October to **105.5**. That decline comes off the index's highest level since June 2023. The subindex is down **0.8%** year over year.

Outlook: The Consumer Finance Index has been ticking up since the beginning of Q2. October's relatively sharp decline comes in the wake reduced interest rates as set by the Federal Reserve. However, the index remains at an elevated level after steady increases throughout 2024.

Historical Trends



Highest Consumer Finance Reading Since June 2023



Electoral States - Consumer Stress Legal Index

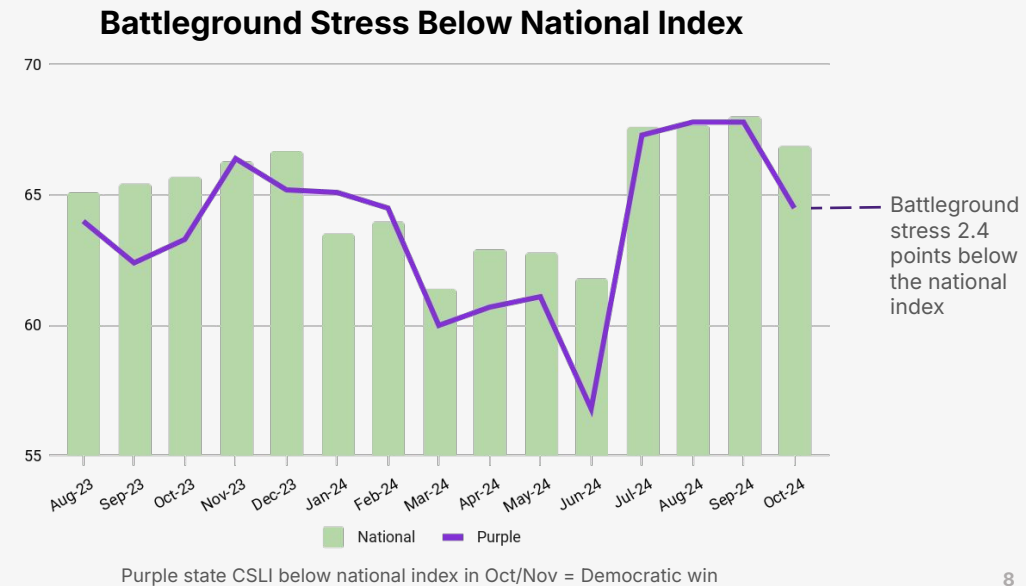
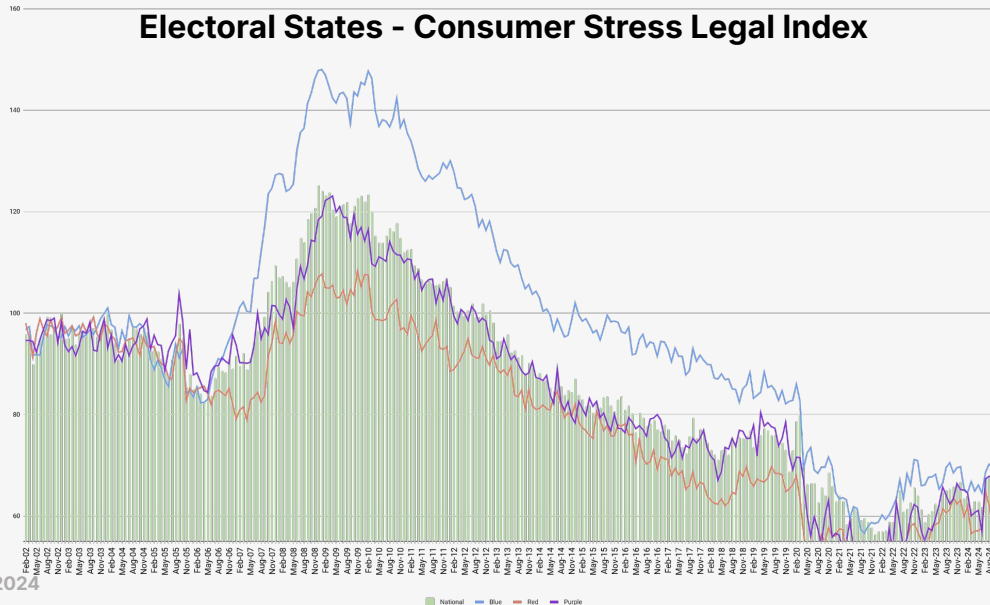
Summary: For the 2024 election cycle, LegalShield is breaking out consumer stress levels on a politically geographic basis, separating red, blue, and purple battleground states. LegalShield classified states based on the outcome of the 2020 election. Battleground states are Arizona, Georgia, Michigan,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

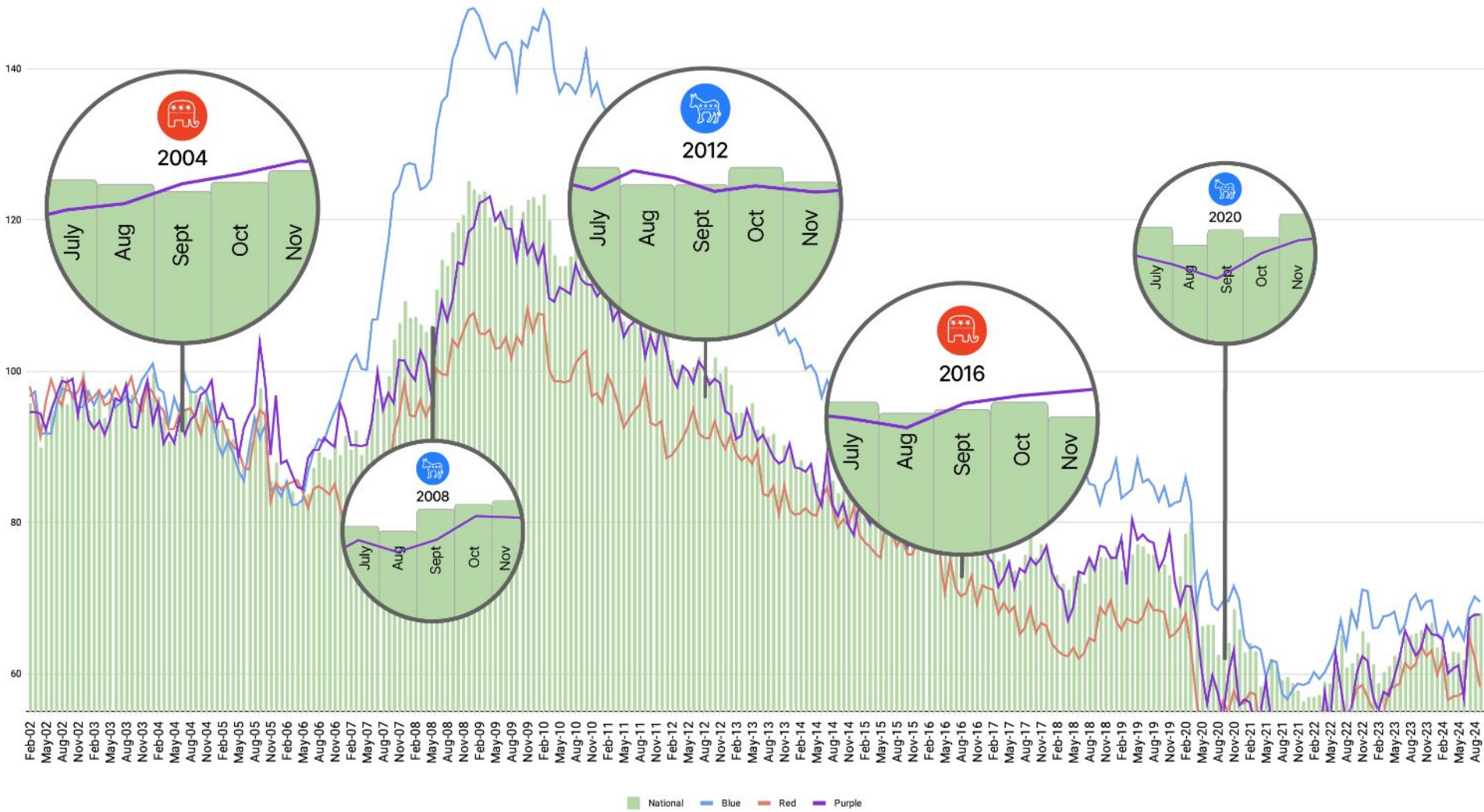
When it rose above the national index, a Republican was elected.

In October, LegalShield's CSLI in battleground states dropped **3.3** points to **64.5**. That coincided with a drop in the national stress index, and the battleground stress registered **2.4** points below the national average.

Outlook: Battleground stress has hovered right around the national index since July. The increased margin of battleground stress below the national average indicates a Democratic presidential victory based on past results.



CSLI Political Breakdown: Election Year Focus

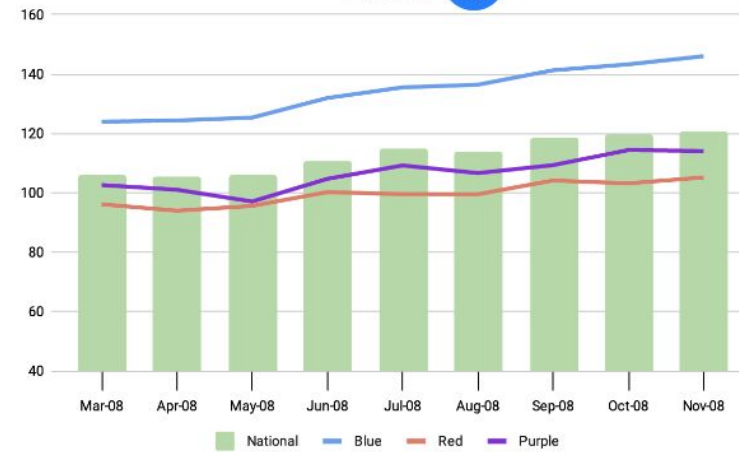


CSLI Political Breakdown: Election Years

2004 



2008 



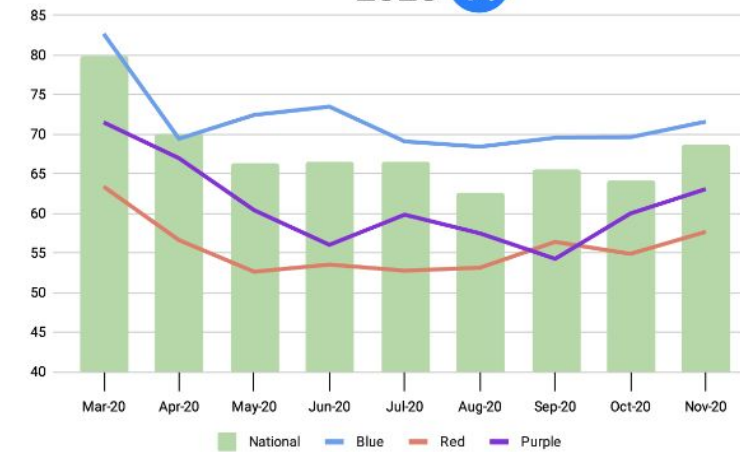
2012 



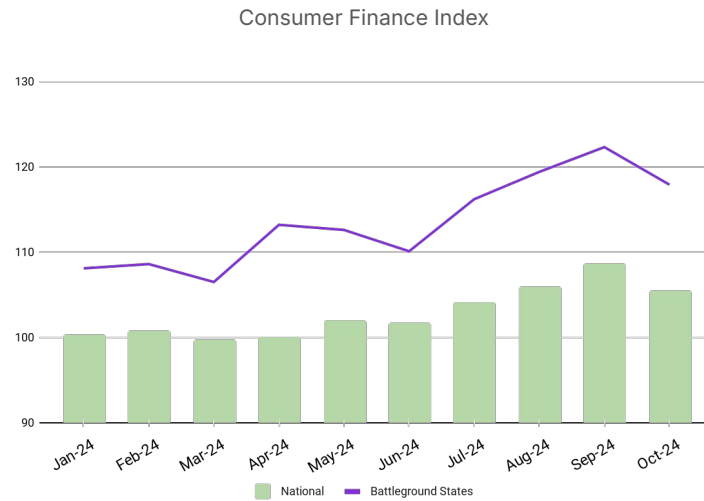
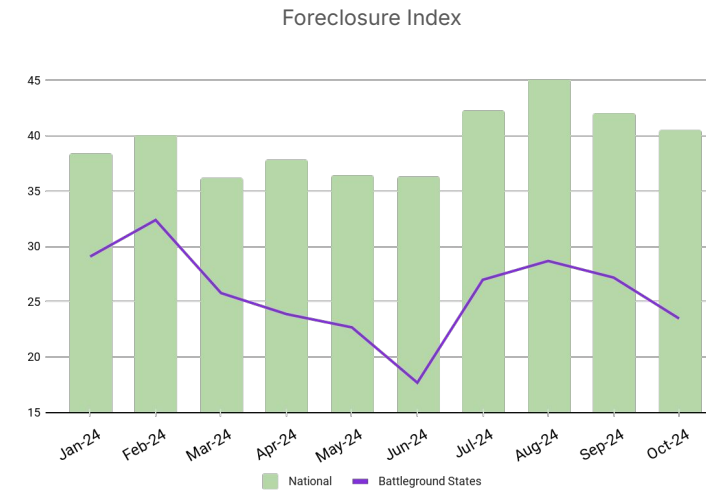
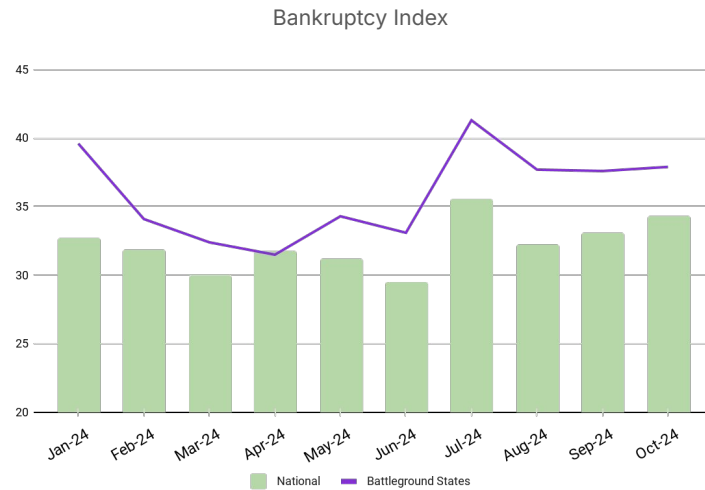
2016 



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

For more info

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