

CWAG

S A N F R A N C I S C O , C A

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LegalShield[®]
LAW INDEX

*James Rosseau
Chief Commercial Officer*

About Us

- **#1 PROVIDER** of subscription-based legal plans to households
- **45+ YEAR history**
- **6,900 BROKER AND AGENCY** clients served by our dedicated B2B division.
- **1.6M MEMBERSHIPS** (4.1M lives) paying monthly via credit card/debit card/payroll deduction
- **47,000** Small Business accounts
- **39 PROVIDER FIRMS** in 50 states and 4 Canadian provinces with a total of 900 lawyers focused on LegalShield matters, in addition to a referral network of 4,600 lawyers, with 19 years average experience



About the LegalShield Law Index

- The LegalShield Law Index is a suite of leading indicators of the economic and financial status of U.S. households and small businesses.
- The LegalShield Law Index is comprised of five sub-indices that are constructed from LegalShield’s proprietary data, which reflect the demand for various legal services over the past 15+ years. Each time a LegalShield provider law firm receives a request from a LegalShield customer, the request is logged as an “intake” in one of roughly 70 unique areas of law (e.g., real estate) depending on the nature of the request.
- Each sub-index 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. In some instances, individual indices across multiple areas of law (e.g., bankruptcy, foreclosure, estate planning) are combined to produce a composite index (e.g., consumer financial stress).
- The sub-indices that comprise the LegalShield Law Index were selected because they tend to lead an existing economic indicator that sheds light on the health of the U.S. economy (i.e., the target economic indicator). In this way, the LegalShield Law Index provides actionable intelligence about the direction of the U.S. economy in the near term.

Key Intakes (2016)

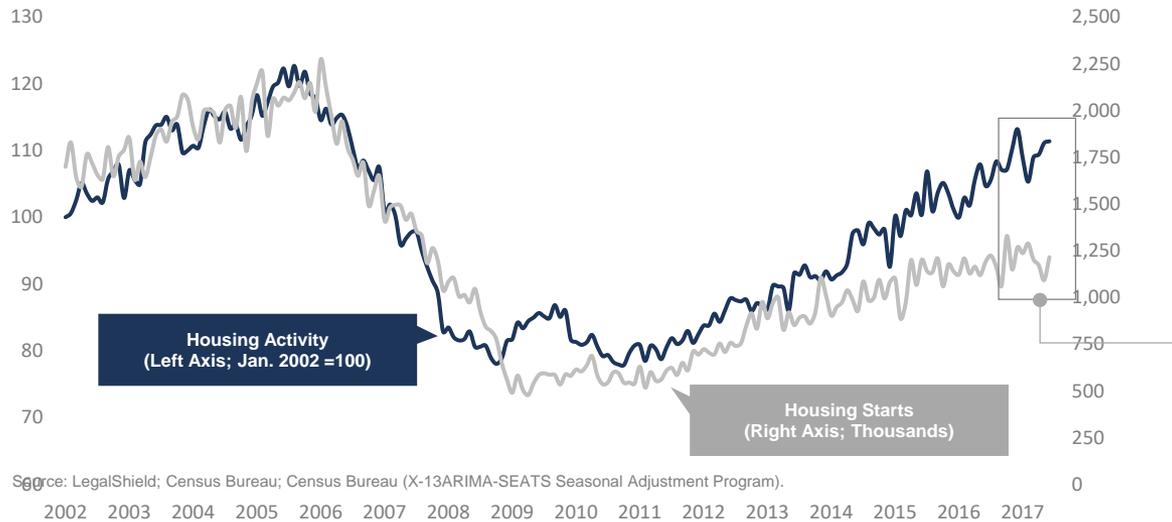
- Estate Planning 168,532
Subcategories include Living Will, Trust, Power of Attorney, Guardianship / Conservatorship, Special Needs Trust
- Real Estate 123,041
Subcategories include Construction, Mineral Rights, Oil and Gas, Zoning Permits

LegalShield Housing Activity Index

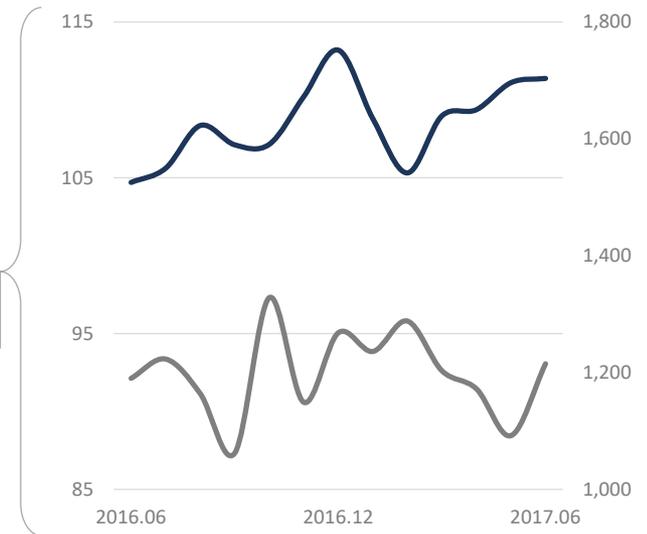
Trends in Context: The LegalShield Housing Activity Index inched up 0.3 point to 111.4 in June due to modest improvements in both the foreclosure and real estate components, and is up 6.4% over the last 12 months. The LegalShield Housing Activity Index, which has a strong record of closely tracking U.S. housing starts over the last 15 years, continues to suggest the housing market should be stronger than it currently is. On net, U.S. consumers are employed (as underscored by the strong June employment report) with solid credit, manageable debt levels, and heightened confidence about the economy. These factors, combined with historically low home inventories, point to a revival in housing activity. However, regional construction labor shortages, rising input prices, and tighter mortgage lending practices continue to act as headwinds to a housing market revival. If the housing supply finally picks up to meet current demand, construction investment may increase in the second half of the year, which could in turn boost overall economic growth.

The Bottom Line: The LegalShield Housing Activity Index, a leading indicator of housing starts, suggests that housing construction — which has risen at a stubbornly slow pace since 2012 and remains well below pre-recession levels — may pick up in the months ahead.

Historical Trend Over Past 15 Years



Movement Over Past 12 Months



LegalShield Real Estate Index

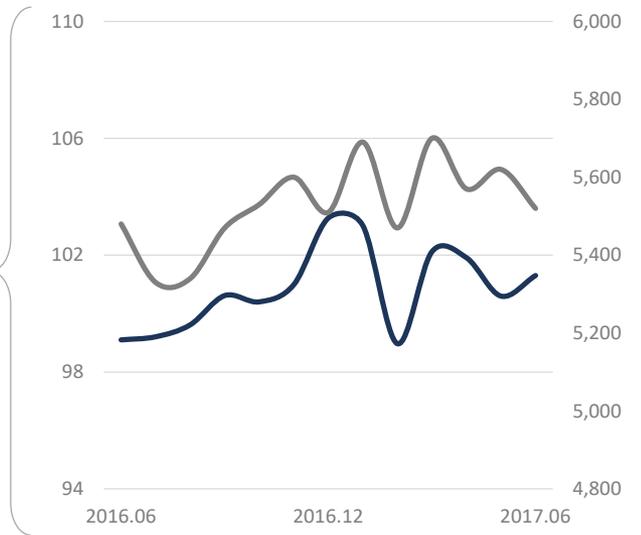
Trends in Context: The LegalShield Real Estate Index inched up 0.7 point to 101.3 in June. The index has increased modestly (2.2%) over the last 12 months and has closely mirrored movement in existing home sales, which are likely to continue to rise slowly despite sluggish construction activity. The divergence between “soft data” and “hard data,” a continuing theme in 2017 as evidenced by heightened business and consumer confidence, is also apparent in the housing market. Specifically, surveys indicate that the share of homeowners who believe that now is a good time to sell their home has outpaced hard data on existing home sales. Home sales are sluggish in part because the housing market continues to endure supply shortages in many regions, as evidenced by rising prices and a new record-low for median days on market in May. However, if housing starts increase in the second half of the year as suggested by the LegalShield Housing Activity Index, construction activity may well increase, which could in turn boost home sales and the overall economy.

The Bottom Line: The LegalShield Real Estate Index, a leading indicator of existing home sales, suggests that home sales should continue to slowly improve in the months ahead. However, a strong sales resurgence is unlikely to occur in the near term.

Historical Trend Over Past 15 Years



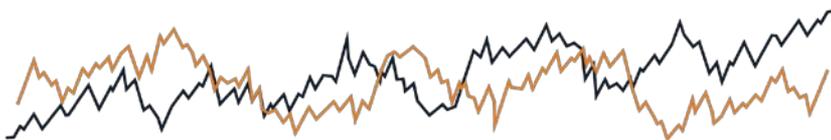
Movement Over Past 12 Months



Source: LegalShield; National Association of Realtors; Census Bureau (X-13ARIMA-SEATS Seasonal Adjustment Program).

Key Insights

- Since rising above 1.3 million last October for the first time since 2007, annual housing starts have fallen back to the 1.1 – 1.2 million range in 2017, and tumbled below 1.1 million in May before recovering somewhat to 1.21 million in June.
- This shortage has had an adverse impact on affordability.
- Recent movement in the LegalShield Housing Activity index suggests that housing starts should continue to rebound over the next few months, potentially reaching 1.3 or 1.4 million by the end of the year.
- An increase in the housing supply should put downward pressure on prices and improve affordability.



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