Official data shows growth in economy

AUSTRALIA’S economy grew by 0.8 per cent in the December quarter, figures show.

Total gross fixed capital formation, investment by households, businesses and government, fell 1.2 per cent in the quarter and was down 2.4 per cent over the year.

Domestic final demand, a measure of total spending in the economy, rose 0.1 per cent in the quarter and was up 1.2 per cent over the year, the figures show.

A key measure of inflation, the implicit price deflator for household final consumption, was up 0.8 per cent in the December quarter, from a rise of 0.9 per cent in the previous quarter, and was up 2.7 per cent over the year.

Farm GDP, in chain volume measures, rose 0.8 per cent in the December quarter to be up 12.2 per cent in the 12 months to December.

Total investment in housing rose 1.0 per cent in the quarter and was up 2.6 per cent over the year to December, seasonally adjusted.

Total investment in inventories, which includes both business and household inventories, rose 1.4 per cent in the year to December. Total gross fixed capital formation, investment by households, businesses and government, fell 1.2 per cent in the quarter and was down 2.4 per cent over the year.

GDP was expected to rise by 0.7 per cent in the December quarter for an annual rate of 2.5 per cent, according to an AAP survey of 12 economists.

The Australian Bureau of Statistics data reveals that the average Australian home is worth $399,000 and holds $60,000 in contents.

When’s the last time you had a wander around your house and assessed the value of what’s inside? The carpets, curtains, electronics (TVs, computers, home entertainment, furniture, clothes…), fill in the blanks. Now go and check your contents coverage. We bet you’re under insured.

Join the Big Home Insurance Switch campaign to lower policy costs.

Your home and its contents represent a serious portion of your wealth, which is why it’s so important to take out the right level of home and contents insurance to cover you in case the unexpected happens.

There’s an old saying that insurance is expensive, except when you need to make a claim. Unfortunately, a horror run of natural disasters over the last few years has substantially increased the price of these insurance over recent years. To help tip the scale back in your favour, here are our top five tips to prune your premiums this year.

1. Know just what you need

Hopefully you’ll never need to use your home and contents insurance, but if the worst does happen it pays to be smart now about the level of cover you choose. Try to find the right balance between fully protecting assets and cutting features to reduce the premiums.

Make sure possessions are listed accurately and honestly with your insurer. Underestimating the value of contents means you’ll have to pay the difference at claim time, while over-estimating will not only increase premiums, it could be considered fraud and the insurance company may refuse to pay.

Also have a think about your living situation and how it impacts the features you need. If you live on top of a hill, then flood cover’s probably not an option. If you live in an area with high crime or disaster risk, the premium will also reduce your ability to claim.

2. Know your options

If you’re still scratching around to pay premiums, then take a look at your excess; the amount you have to pay towards any claim.

For example, if your excess is $500 and you’re making a $5000 claim, you’ll have to pay the first $500 of the claim.

Increasing the excess to say, $1000 will typically lower premiums. Just remember it’s a trade-off and you could be at risk if you need to make a claim.

Also, check if there are savings if your insurance company allows premiums to be paid annually at a reduced rate rather than paying premiums by the month. The only problem is that upfront cost will be higher.

3. Secure your property

Insurance companies calculate premiums based on the risk you make a claim. If you’re insuring contents in an area with high crime rates, your premiums will be higher than contents in a quiet suburb with low crime rates.

If you’re insuring a home on a flood plain, the premium will reflect that additional risk.

And while you may not be able to change where your house is located, you can make sure it’s as secure as possible by installing features such as alarms and security screens.

Installing security features like alarms, security screens, lockable window bolts, and smoke alarms will not only increase personal safety, but will also reduce the risk you’ll make a claim.

4. Consider bundling home and contents insurance with other cover

Many companies will offer a loyalty discount for bundling all your morging policies together, so consider if you can match or improve a current policy when you consolidate.

5. ...but shop around

It is advisable to not automatically renew premiums.

There are a number of new websites that compare offers from different providers and give quotes on what they’ll cost, so it’s easy to look around. Once you’ve made a choice, don’t get complacent.

Instead of just renewing the contract every 12 months, make the effort to look at what’s out there. And if you are serious about moving, let your current provider know because they’ll often go that extra mile to keep your business.

A residential area in Alice Springs. Picture: PHIL WILLIAMS