

[On the hunt for homeowners insurance](#)

CNN Money

NEW YORK CNNMoney.com) — It's hasta la vista Allstate. The third-largest California insurer said last week it will stop writing new homeowner policies starting in July, pointing at the high risk of catastrophes in the state.

The company said it will continue to serve customers with existing homeowner policies and that it will renew those policies when they expire. If you are an Allstate customer, you should know the company is lobbying to raise premiums about 12 percent in California.

Allstate customers who have questions about their policy should contact the company directly or call the Department of Insurance Hotline at 800-927-HELP.

If you're shopping for a home insurance policy, here's what you need to know:

1: Don't panic

You should not have a problem getting property insurance if you are a California homeowner. There are over 100 companies competing for Californians' business, according to Amy Bach of United Policyholders, an insurance consumer group.

Homeowners should know that most other insurers in California are lowering premium prices rather than raising them. State Farm rates are down 20 percent this year, and while others including AAA, Farmers and Safeco are cutting rates.

2: Know where to go

Allstate is referring policyseekers to a third-party insurance company, but homeowners should not be afraid to shop around. This is where you need to do your homework.

Insurance seekers can go to the state insurance department for a list of agents and helpful tips on comparative pricing. In California, that Web site is insurance.ca.gov. But no matter where you live, you can also go to insure.com and insweb.com.

3: Don't Delay

If you have a mortgage, you'll need homeowners insurance. There's no way around it. Homeowners insurance generally covers the cost to repair or rebuild your home if it is damaged or destroyed by fire, hurricane, hail, lightning or any other disaster listed in your policy. But keep in mind that it will not pay

for damage caused by a flood, earthquake or routine wear and tear.

That being said, make sure you have enough insurance to rebuild your house. Two-thirds of homes are insured for less than their full value. To get the best estimate of how much coverage you need, ask a contractor what it would cost to rebuild your home.

As an additional note, your standard homeowners policy won't cover valuables over \$1,000 to \$2,000, so you may need to buy a separate rider for that antique art collection. And be aware that flooding is not covered in a standard policy. You'll have to get that from the government. Go to Floodsmart.gov for more information.